

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

001-32492
(Commission File Number)

LAZARD LTD

(Exact name of registrant as specified in its charter)

Bermuda
(State or Other Jurisdiction of Incorporation
or Organization)

98-0437848
(I.R.S. Employer Identification No.)

Clarendon House
2 Church Street
Hamilton HM11, Bermuda
(Address of principal executive offices)

Registrant's telephone number: (441) 295-1422

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	LAZ	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If the Registrant is an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 24, 2020, there were 112,766,091 shares of the Registrant's common stock outstanding (including 7,784,710 shares held by subsidiaries).

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When we use the terms “Lazard”, “we”, “us”, “our” and “the Company”, we mean Lazard Ltd, a company incorporated under the laws of Bermuda, and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company (“Lazard Group”), that is the current holding company for our businesses. Lazard Ltd’s primary operating asset is its indirect ownership as of June 30, 2020 of all of the common membership interests in Lazard Group and its controlling interest in Lazard Group. When we use the term “common stock”, we mean Class A common stock of Lazard Ltd, the only class of common stock of Lazard outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 2020 AND DECEMBER 31, 2019
(UNAUDITED)
(dollars in thousands, except for per share data)

	June 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	\$ 896,843	\$ 1,231,593
Deposits with banks and short-term investments	1,155,539	1,180,686
Cash deposited with clearing organizations and other segregated cash	40,283	43,280
Receivables (net of allowance for doubtful accounts of \$40,959 and \$27,130 at June 30, 2020 and December 31, 2019, respectively):		
Fees	519,496	537,442
Customers and other	132,616	125,696
	652,112	663,138
Investments	523,366	531,995
Property (net of accumulated amortization and depreciation of \$381,540 and \$367,545 at June 30, 2020 and December 31, 2019, respectively)	228,621	219,842
Operating lease right-of-use assets	525,193	551,504
Goodwill and other intangible assets (net of accumulated amortization of \$69,078 and \$68,305 at June 30, 2020 and December 31, 2019, respectively)	369,159	373,594
Deferred tax assets	563,243	586,750
Other assets	357,759	257,199
Total Assets	\$ 5,312,118	\$ 5,639,581

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 2020 AND DECEMBER 31, 2019
(UNAUDITED)
(dollars in thousands, except for per share data)

	June 30, 2020	December 31, 2019
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits and other customer payables	\$ 1,230,920	\$ 1,246,200
Accrued compensation and benefits	365,989	602,777
Operating lease liabilities	618,362	644,345
Tax receivable agreement obligation	221,890	247,344
Senior debt	1,680,845	1,679,562
Deferred tax liabilities	2,921	3,511
Other liabilities	507,223	534,268
Total Liabilities	4,628,150	4,958,007
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$.01 per share; 15,000,000 shares authorized:		
Series A - no shares issued and outstanding	-	-
Series B - no shares issued and outstanding	-	-
Common stock:		
Class A, par value \$.01 per share (500,000,000 shares authorized; 112,766,091 shares issued at June 30, 2020 and December 31, 2019, including shares held by subsidiaries as indicated below)	1,128	1,128
Additional paid-in-capital	52,274	41,020
Retained earnings	1,140,015	1,193,570
Accumulated other comprehensive loss, net of tax	(308,921)	(293,648)
	884,496	942,070
Class A common stock held by subsidiaries, at cost (7,785,103 and 8,513,493 shares at June 30, 2020 and December 31, 2019, respectively)	(283,899)	(332,079)
Total Lazard Ltd Stockholders' Equity	600,597	609,991
Noncontrolling interests	83,371	71,583
Total Stockholders' Equity	683,968	681,574
Total Liabilities and Stockholders' Equity	<u>\$ 5,312,118</u>	<u>\$ 5,639,581</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(UNAUDITED)
(dollars in thousands, except for per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
REVENUE				
Investment banking and other advisory fees	\$ 304,259	\$ 328,974	\$ 601,928	\$ 664,778
Asset management fees	245,291	296,581	514,509	589,019
Interest income	1,340	4,013	3,752	7,813
Other	41,374	21,233	30,232	50,869
Total revenue	592,264	650,801	1,150,421	1,312,479
Interest expense	19,972	20,111	40,115	38,115
Net revenue	572,292	630,690	1,110,306	1,274,364
OPERATING EXPENSES				
Compensation and benefits	351,568	372,470	671,323	744,724
Occupancy and equipment	30,574	30,953	62,772	59,248
Marketing and business development	6,517	28,784	26,703	56,768
Technology and information services	32,629	38,825	63,987	70,880
Professional services	16,728	19,144	31,273	33,361
Fund administration and outsourced services	24,053	28,493	50,443	57,423
Amortization and other acquisition-related costs	455	5,042	901	8,512
Other	13,903	5,294	22,942	22,100
Total operating expenses	476,427	529,005	930,344	1,053,016
OPERATING INCOME	95,865	101,685	179,962	221,348
Provision for income taxes	22,789	28,172	48,555	51,359
NET INCOME	73,076	73,513	131,407	169,989
LESS - NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(382)	7,736	(6,073)	7,170
NET INCOME ATTRIBUTABLE TO LAZARD LTD	<u>\$ 73,458</u>	<u>\$ 65,777</u>	<u>\$ 137,480</u>	<u>\$ 162,819</u>
ATTRIBUTABLE TO LAZARD LTD CLASS A COMMON STOCKHOLDERS:				
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic	106,662,064	111,981,204	106,483,013	111,962,729
Diluted	111,487,749	116,175,349	112,803,964	118,497,717
NET INCOME PER SHARE OF COMMON STOCK:				
Basic	<u>\$ 0.68</u>	<u>\$ 0.57</u>	<u>\$ 1.27</u>	<u>\$ 1.44</u>
Diluted	<u>\$ 0.66</u>	<u>\$ 0.55</u>	<u>\$ 1.22</u>	<u>\$ 1.36</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(UNAUDITED)
(dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
NET INCOME	\$ 73,076	\$ 73,513	\$ 131,407	\$ 169,989
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Currency translation adjustments	22,384	(7,053)	(28,362)	(3,273)
Employee benefit plans:				
Prior service cost (net of tax expense of \$2 for the three months ended June 30, 2020 and \$38 for the six months ended June 30, 2020)	9	-	184	-
Actuarial gain (net of tax (benefit) expense of \$(171) and \$2,420 for the three months ended June 30, 2020 and 2019, respectively, and \$1,619 and \$2,720 for the six months ended June 30, 2020 and 2019, respectively)	482	2,812	9,395	2,861
Adjustment for items reclassified to earnings (net of tax expense of \$338 and \$174 for the three months ended June 30, 2020 and 2019, respectively, and \$676 and \$352 for the six months ended June 30, 2020 and 2019, respectively)	1,615	1,113	3,510	2,245
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	<u>24,490</u>	<u>(3,128)</u>	<u>(15,273)</u>	<u>1,833</u>
COMPREHENSIVE INCOME	97,566	70,385	116,134	171,822
LESS - COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(383)	7,734	(6,073)	7,169
COMPREHENSIVE INCOME ATTRIBUTABLE TO LAZARD LTD	<u>\$ 97,949</u>	<u>\$ 62,651</u>	<u>\$ 122,207</u>	<u>\$ 164,653</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(UNAUDITED)
(dollars in thousands)

	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 131,407	\$ 169,989
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of property	17,314	16,247
Noncash lease expense	32,443	26,720
Amortization of deferred expenses and share-based incentive compensation	215,204	226,629
Amortization and other acquisition-related costs	901	8,512
Deferred tax provision	23,410	7,423
Loss on extinguishment of debt	-	6,505
(Increase) decrease in operating assets and increase (decrease) in operating liabilities:		
Receivables-net	1,891	(19,520)
Investments	6,547	7,228
Other assets	(167,985)	(107,740)
Accrued compensation and benefits and other liabilities	(261,436)	(259,428)
Net cash (used in) provided by operating activities	<u>(304)</u>	<u>82,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property	(24,897)	(18,064)
Disposals of property	135	85
Net cash used in investing activities	<u>(24,762)</u>	<u>(17,979)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Issuance of senior debt, net of expenses	-	491,875
Customer deposits	-	314,730
Contributions from noncontrolling interests	25	1,193
Payments for:		
Senior debt	-	(255,746)
Customer deposits	(18,958)	-
Distributions to noncontrolling interests	(1,819)	(7,811)
Payments under tax receivable agreement	(25,454)	(23,687)
Purchase of Class A common stock	(95,227)	(351,712)
Class A common stock dividends	(97,892)	(155,324)
Settlement of share-based incentive compensation	(71,052)	(96,089)
Other financing activities	(3,580)	(4,697)
Net cash used in financing activities	<u>(313,957)</u>	<u>(87,268)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	<u>(23,871)</u>	<u>(8,701)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	<u>(362,894)</u>	<u>(31,383)</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—		
January 1	2,455,559	2,291,885
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—		
June 30	<u>\$ 2,092,665</u>	<u>\$ 2,260,502</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION:

	June 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 896,843	\$ 1,231,593
Deposits with banks and short-term investments	1,155,539	1,180,686
Cash deposited with clearing organizations and other segregated cash	40,283	43,280
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	<u>\$ 2,092,665</u>	<u>\$ 2,455,559</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2019
(UNAUDITED)
(dollars in thousands)

	Common Stock		Additional	Retained	Accumulated	Class A		Total	Noncontrolling	Total
	Shares	\$	Paid-In- Capital	Earnings	Other Comprehensive Income (Loss), Net of Tax	Shares	\$	Lazard Ltd Stockholders' Equity	Interests	Stockholders' Equity
Balance - April 1, 2019	129,766,091	\$ 1,298	\$ 535,926	\$ 1,171,754	\$ (268,858)	17,846,122	\$ (738,899)	\$ 701,221	\$ 70,151	\$ 771,372
Comprehensive income (loss):										
Net income				65,777				65,777	7,736	73,513
Other comprehensive loss - net of tax					(3,126)			(3,126)	(2)	(3,128)
Amortization of share-based incentive compensation			58,989					58,989	17,413	76,402
Dividend equivalents			4,630	(5,574)				(944)	(687)	(1,631)
Class A common stock dividends (\$0.47 per share)				(51,922)				(51,922)		(51,922)
Purchase of Class A common stock						4,537,055	(159,615)	(159,615)		(159,615)
Delivery of Class A common stock in connection with share-based incentive compensation and related tax benefit of \$477			(30,714)			(621,924)	25,759	(4,955)		(4,955)
Business acquisitions and related equity transactions:										
Class A common stock issuable (including related amortization)			13,377					13,377		13,377
Dividend equivalents			134	(134)				-		-
Distributions to noncontrolling interests, net								-	(6,999)	(6,999)
Consolidated VIEs								-	11,464	11,464
Balance - June 30, 2019	<u>129,766,091</u>	<u>\$ 1,298</u>	<u>\$ 582,342</u>	<u>\$ 1,179,901</u>	<u>\$ (271,984)</u>	<u>21,761,253</u>	<u>\$ (872,755)</u>	<u>\$ 618,802</u>	<u>\$ 99,076</u>	<u>\$ 717,878</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019
(UNAUDITED)
(dollars in thousands)

	Common Stock		Additional	Retained	Accumulated	Class A		Total	Noncontrolling	Total
	Shares	\$	Paid-In- Capital	Earnings	Other Comprehensive Income (Loss), Net of Tax	Shares	\$	Lazard Ltd Stockholders' Equity	Interests	Stockholders' Equity
Balance - January 1, 2019	129,766,091	\$ 1,298	\$ 750,692	\$ 1,195,563	\$ (273,818)	17,574,805	\$ (756,884)	\$ 916,851	\$ 53,242	\$ 970,093
Comprehensive income (loss):										
Net income				162,819				162,819	7,170	169,989
Other comprehensive income (loss) - net of tax					1,834			1,834	(1)	1,833
Amortization of share-based incentive compensation			125,202					125,202	35,881	161,083
Dividend equivalents			20,142	(22,761)				(2,619)	(2,062)	(4,681)
Class A common stock dividends (\$1.41 per share)				(155,324)				(155,324)		(155,324)
Purchase of Class A common stock						9,715,003	(351,712)	(351,712)		(351,712)
Delivery of Class A common stock in connection with share-based incentive compensation and related tax benefit of \$4,358			(327,572)			(5,528,555)	235,841	(91,731)		(91,731)
Business acquisitions and related equity transactions:										
Class A common stock issuable (including related amortization)			13,482					13,482		13,482
Dividend equivalents			396	(396)				-		-
Distributions to noncontrolling interests, net								-	(6,618)	(6,618)
Consolidated VIEs								-	11,464	11,464
Balance - June 30, 2019	129,766,091	\$ 1,298	\$ 582,342	\$ 1,179,901	\$ (271,984)	21,761,253	\$ (872,755)	\$ 618,802	\$ 99,076	\$ 717,878

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2020
(UNAUDITED)
(dollars in thousands)

	Common Stock		Additional Paid-In- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held By Subsidiaries		Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	\$				Shares	\$			
Balance - April 1, 2020	112,766,091	\$ 1,128	\$ -	\$ 1,119,176	\$ (333,412)	8,235,358	\$ (300,459)	\$ 486,433	\$ 73,184	\$ 559,617
Comprehensive income (loss):										
Net income (loss)				73,458				73,458	(382)	73,076
Other comprehensive income (loss) - net of tax					24,491			24,491	(1)	24,490
Amortization of share-based incentive compensation			67,386					67,386	1,158	68,544
Dividend equivalents			4,628	(5,146)				(518)	(1,186)	(1,704)
Class A common stock dividends (\$0.47 per share)				(49,133)				(49,133)		(49,133)
Delivery of Class A common stock in connection with share-based incentive compensation and related tax benefit of \$636			(20,230)			(449,667)	16,541	(3,689)		(3,689)
Business acquisitions and related equity transactions:										
Class A common stock issuable (including related amortization)			52					52		52
Delivery of Class A common stock			(19)			(588)	19	-		-
Dividend equivalents			457	(457)				-		-
Distributions to noncontrolling interests, net								-	(408)	(408)
Consolidated VIEs								-	11,006	11,006
Other				2,117				2,117		2,117
Balance - June 30, 2020	<u>112,766,091</u>	<u>\$ 1,128</u>	<u>\$ 52,274</u>	<u>\$ 1,140,015</u>	<u>\$ (308,921)</u>	<u>7,785,103</u>	<u>\$ (283,899)</u>	<u>\$ 600,597</u>	<u>\$ 83,371</u>	<u>\$ 683,968</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020
(UNAUDITED)
(dollars in thousands)

	Common Stock		Additional Paid-In- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held By Subsidiaries		Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	\$				Shares	\$			
Balance - January 1, 2020	112,766,091	\$ 1,128	\$ 41,020	\$ 1,193,570	\$ (293,648)	8,513,493	\$ (332,079)	\$ 609,991	\$ 71,583	\$ 681,574
Adjustment for cumulative effect on prior years from the adoption of new accounting guidance				(7,575)				(7,575)		(7,575)
Balance, as adjusted January 1, 2020	112,766,091	1,128	41,020	1,185,995	(293,648)	8,513,493	(332,079)	602,416	71,583	673,999
Comprehensive income (loss):										
Net income (loss)				137,480				137,480	(6,073)	131,407
Other comprehensive loss - net of tax					(15,273)			(15,273)		(15,273)
Amortization of share-based incentive compensation			138,136					138,136	2,569	140,705
Dividend equivalents			11,345	(12,540)				(1,195)	(2,372)	(3,567)
Class A common stock dividends (\$0.94 per share)				(97,892)				(97,892)		(97,892)
Purchase of Class A common stock						2,912,035	(95,227)	(95,227)		(95,227)
Delivery of Class A common stock in connection with share-based incentive compensation and related tax benefit of \$983			(138,556)	(74,228)		(3,619,213)	142,715	(70,069)		(70,069)
Business acquisitions and related equity transactions:										
Class A common stock issuable (including related amortization)			104					104		104
Delivery of Class A common stock			(692)			(21,212)	692	-		-
Dividend equivalents			917	(917)				-		-
Distributions to noncontrolling interests, net								-	(1,794)	(1,794)
Consolidated VIEs								-	19,458	19,458
Other				2,117				2,117		2,117
Balance - June 30, 2020	112,766,091	\$ 1,128	\$ 52,274	\$ 1,140,015	\$ (308,921)	7,785,103	\$ (283,899)	\$ 600,597	\$ 83,371	\$ 683,968

See notes to condensed consolidated financial statements.

LAZARD LTD
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in thousands, except for per share data, unless otherwise noted)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Lazard Ltd, a Bermuda holding company, and its subsidiaries (collectively referred to as “Lazard Ltd”, “Lazard”, “we” or the “Company”), including Lazard Ltd’s indirect investment in Lazard Group LLC, a Delaware limited liability company (collectively referred to, together with its subsidiaries, as “Lazard Group”), is one of the world’s preeminent financial advisory and asset management firms and has long specialized in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, governments, institutions, partnerships and individuals.

Lazard Ltd indirectly held 100% of all outstanding Lazard Group common membership interests as of June 30, 2020 and December 31, 2019. Lazard Ltd, through its control of the managing members of Lazard Group, controls Lazard Group, which is governed by an Amended and Restated Operating Agreement dated as of February 4, 2019 (the “Operating Agreement”).

Lazard Ltd’s primary operating asset is its indirect ownership of the common membership interests of, and managing member interests in, Lazard Group, whose principal operating activities are included in two business segments:

- Financial Advisory, which offers corporate, partnership, institutional, government, sovereign and individual clients across the globe a wide array of financial advisory services regarding mergers and acquisitions (“M&A”), capital advisory, restructurings, shareholder advisory, sovereign advisory, capital raising and other strategic advisory matters, and
- Asset Management, which offers a broad range of global investment solutions and investment management services in equity and fixed income strategies, asset allocation strategies, alternative investments and private equity funds to corporations, public funds, sovereign entities, endowments and foundations, labor funds, financial intermediaries and private clients.

In addition, we record selected other activities in our Corporate segment, including management of cash, investments, deferred tax assets, outstanding indebtedness, certain contingent obligations, and assets and liabilities associated with Lazard Group’s Paris-based subsidiary Lazard Frères Banque SA (“LFB”).

Basis of Presentation

The accompanying condensed consolidated financial statements of Lazard Ltd have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in Lazard Ltd’s Annual Report on Form 10-K for the year ended December 31, 2019. The accompanying December 31, 2019 unaudited condensed consolidated statement of financial condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP for annual financial statement purposes. The accompanying condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented.

Preparing financial statements requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and the accompanying disclosures. For example, discretionary compensation and benefits expense for interim periods is accrued based on the year-to-date amount of revenue earned, and an assumed annual ratio of compensation and benefits expense to revenue, with the applicable amounts adjusted for certain items. Although these estimates are based on management’s knowledge of current events and actions that Lazard may undertake in the future, actual results may differ materially from the estimates.

The consolidated results of operations for the three month and six month periods ended June 30, 2020 are not indicative of the results to be expected for any future interim or annual period.

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The condensed consolidated financial statements include Lazard Ltd, Lazard Group and Lazard Group's principal operating subsidiaries: Lazard Frères & Co. LLC ("LFNY"), a New York limited liability company, along with its subsidiaries, including Lazard Asset Management LLC and its subsidiaries (collectively referred to as "LAM"); the French limited liability companies Compagnie Financière Lazard Frères SAS ("CFLF") along with its subsidiaries, LFB and Lazard Frères Gestion SAS ("LFG"), and Maison Lazard SAS and its subsidiaries; and Lazard & Co., Limited ("LCL"), through Lazard & Co., Holdings Limited ("LCH"), an English private limited company, together with their jointly owned affiliates and subsidiaries.

The Company's policy is to consolidate entities in which it has a controlling financial interest. The Company consolidates:

- Voting interest entities ("VOEs") where the Company holds a majority of the voting interest in such VOEs, and
- Variable interest entities ("VIEs") where the Company is the primary beneficiary having the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or receive benefits from, the VIE that could be potentially significant to the VIE (see Note 21).

When the Company does not have a controlling interest in an entity, but exerts significant influence over such entity's operating and financial decisions, the Company either (i) applies the equity method of accounting in which it records a proportionate share of the entity's net earnings or (ii) elects the option to measure its investment at fair value. Intercompany transactions and balances have been eliminated.

2. RECENT ACCOUNTING DEVELOPMENTS

Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments—In June 2016, the FASB issued new guidance regarding the measurement of credit losses on financial instruments. The new guidance replaces the incurred loss impairment methodology in the current guidance with a methodology that reflects current expected credit losses ("CECL") and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates.

The Company adopted the new guidance on January 1, 2020 using a modified retrospective approach and recorded a \$7,575 cumulative-effect adjustment to retained earnings upon adoption. The impact of the new guidance primarily relates to the Company's fee receivables.

To comply with the CECL model, the Company applies a bad debt charge-off rate, determined based on historical charge-off experience and adjusted for specific allowance based on current conditions of individual customers, to measure the expected credit loss for fee receivables. The Company also performs a qualitative assessment, on a quarterly basis, to monitor economic factors and other uncertainties that may require additional adjustment to the expected credit loss allowance.

See Note 4 for further details on the Company's receivables and allowance for doubtful accounts.

Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment—In January 2017, the FASB issued updated guidance that eliminated Step 2 from the goodwill impairment test. Step 2 is the process of measuring a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The new guidance requires entities to measure a goodwill impairment loss as the amount by which a reporting unit's carrying value exceeds its fair value, limited to the carrying amount of goodwill. The FASB also eliminated the requirements for entities that have reporting units with zero or negative carrying amounts to perform a qualitative assessment for the goodwill impairment test. Instead, those entities would be required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount. The Company adopted the new guidance on January 1, 2020 and, in accordance with the new guidance, applied it prospectively to goodwill impairment tests performed after the adoption date.

Intangibles—Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract—In August 2018, the FASB issued updated guidance on the accounting for implementation costs incurred in a cloud computing arrangement. The new guidance requires the capitalization of the implementation costs incurred in a cloud computing arrangement to be aligned with the requirements for capitalizing costs incurred to develop or obtain internal-use software. The Company adopted the new guidance as of January 1, 2020 and, in accordance with the new guidance, applied it prospectively to implementation costs incurred after the adoption date.

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Related Party Guidance for Variable Interest Entities—In October 2018, the FASB issued updated guidance that requires consideration of indirect interest held through related parties under common control for determining whether fees paid to decision makers and service providers are variable interests. The amendments are required to be applied retrospectively with a cumulative-effect adjustment. The Company adopted the new guidance as of January 1, 2020 and its application did not have a material impact to the Company's financial statements.

Fair Value Measurement: Changes to the Disclosure Requirements for Fair Value Measurement—In August 2018, the FASB issued updated guidance which modifies the disclosure requirements on fair value measurement. The updated guidance eliminates or modifies various required disclosures under the current guidance and includes additional requirements. The additional disclosures related to level 3 fair value measurements are to be applied prospectively and other amendments are to be applied retrospectively. The Company adopted the new guidance on January 1, 2020 and its application did not have a material impact to the Company's financial statements.

Compensation-Retirement Benefits: Changes to the Disclosure Requirements for Defined Benefit Plans—In August 2018, the FASB issued updated guidance which modifies the disclosure requirements regarding defined benefit plans and other postretirement plans. The updated guidance eliminates or clarifies certain currently required disclosures and includes additional requirements. The Company adopted the new guidance on January 1, 2020 and will update its annual disclosures in accordance with the new guidance.

Simplifying the Accounting for Income Taxes—In December 2019, the FASB issued new guidance to simplify the accounting for income taxes. The amendments include the removal of certain exceptions and various improvements. These improvements are related to the accounting for franchise tax based on income, evaluation of step up in tax basis of goodwill, allocation of consolidated tax expense to standalone legal entities, recognition of enacted change in tax laws or rates, and other minor changes. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the new guidance.

3. REVENUE RECOGNITION

Investment Banking and Other Advisory Fees—Fees for Financial Advisory services are recorded when: (i) a contract with a client has been identified, (ii) the performance obligations in the contract have been identified, (iii) the fee or other transaction price has been determined, (iv) the fee or other transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation. The expenses that are directly related to such transactions are recorded as incurred and presented within operating expenses when the Company is primarily responsible for fulfilling the promise of the arrangement. Revenues associated with the reimbursement of such expenses are recorded when the Company is contractually entitled to reimbursement and presented within investment banking and other advisory fees.

Asset Management Fees—Fees for Asset Management services are primarily comprised of management fees and incentive fees. Management fees are derived from fees for investment management and other services provided to clients. Revenue is recorded in accordance with the same five criteria as Financial Advisory fees, which generally results in management fees being recorded on a daily, monthly or quarterly basis, primarily based on a percentage of client assets managed. Fees vary with the type of assets managed, with higher fees earned on equity assets, alternative investment (such as hedge fund) and private equity funds, and lower fees earned on fixed income and money market products. Expenses that are directly related to the sale or distribution of fund interests are recorded as incurred and presented within operating expenses when the Company is primarily responsible for fulfilling the promise of the arrangement. Revenues associated with the reimbursement of such expenses are recorded when the Company is contractually entitled to reimbursement and presented within asset management fees.

In addition, the Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds such as hedge funds and private equity funds.

For hedge funds, incentive fees are calculated based on a specific percentage of a fund's net appreciation, in some cases in excess of established benchmarks or thresholds. The Company records incentive fees on traditional products and hedge funds when a significant reversal in the amount of the cumulative revenue to be recognized is not probable, which is typically at the end of the relevant performance measurement period. The incentive fee measurement period is generally an annual period (unless an account is terminated during the year). The incentive fees received at the end of the measurement period are not subject to reversal or payback.

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Incentive fees on hedge funds generally are subject to loss carryforward provisions in which losses incurred by the hedge funds in any year are applied against certain gains realized by the hedge funds in future periods before any incentive fees can be earned.

For private equity funds, incentive fees may be earned in the form of a “carried interest” if profits arising from realized investments exceed a specified threshold. Typically, such carried interest is ultimately calculated on a whole-fund basis and, therefore, clawback of carried interests during the life of the fund can occur. As a result, the Company records incentive fees earned on our private equity funds when a significant reversal in the amount of the cumulative revenue to be recognized is not probable, which is typically at the end of the relevant performance period.

Receivables relating to asset management and incentive fees are reported in “fees receivable” on the consolidated statements of financial condition.

The Company disaggregates revenue based on its business segment results and believes that the following information provides a reasonable representation of how performance obligations relate to the nature, amount, timing and uncertainty of revenue and cash flows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net Revenue:				
Financial Advisory (a)	<u>\$ 304,806</u>	<u>\$ 329,612</u>	<u>\$ 603,772</u>	<u>\$ 667,982</u>
Asset Management:				
Management Fees and Other (b)	\$ 254,100	\$ 310,316	\$ 535,107	\$ 611,569
Incentive Fees (c)	749	5,275	2,263	5,855
Total Asset Management	<u>\$ 254,849</u>	<u>\$ 315,591</u>	<u>\$ 537,370</u>	<u>\$ 617,424</u>

- (a) Financial Advisory is comprised of M&A Advisory, Capital Advisory, Capital Raising, Restructuring, Shareholder Advisory, Sovereign Advisory, and other strategic advisory work for clients. The benefits of these advisory services are generally transferred to the Company’s clients over time, and consideration for these advisory services typically includes transaction completion, transaction announcement and retainer fees. Retainer fees are generally fixed and recognized over the period in which the advisory services are performed. However, transaction announcement and transaction completion fees are variable and subject to constraints, and they are typically not recognized until there is an announcement date or a completion date, respectively, due to the uncertainty associated with those events. Therefore, in any given period, advisory fees recognized for certain transactions will relate to services performed in prior periods. The advisory fees that may be unrecognized as of the end of a reporting period, primarily comprised of fees associated with transaction announcements and transaction completions, generally remain unrecognized due to the uncertainty associated with those events.
- (b) Management fees and other is primarily comprised of management services. The benefits of these management services are transferred to the Company’s clients over time. Consideration for these management services generally includes management fees, which are based on assets under management and recognized over the period in which the management services are performed. The selling or distribution of fund interests is a separate performance obligation within management fees and other, and the benefits of such services are transferred to the Company’s clients at the point in time that such fund interests are sold or distributed.
- (c) Incentive fees is primarily comprised of management services. The benefits of these management services are transferred to the Company’s clients over time. Consideration for these management services is generally variable and includes performance or incentive fees. The fees allocated to these management services that are unrecognized as of the end of the reporting period are generally amounts that are subject to constraints due to the uncertainty associated with performance targets and clawbacks.

In addition to the above, contracts with clients include trade-based commission income, which is recognized at the point in time of execution and presented within other revenue. Such income may be earned by providing trade facilitation, execution, clearance and settlement, custody, and trade administration services to clients.

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With regard to the disclosure requirement for remaining performance obligations, the Company elected the practical expedients permitted in the guidance to (i) exclude contracts with a duration of one year or less; and (ii) exclude variable consideration, such as transaction completion and transaction announcement fees, that is allocated entirely to unsatisfied performance obligations. Excluded variable consideration typically relates to contracts with a duration of one year or less, and is generally constrained due to uncertainties. Therefore, when applying the practical expedients, amounts related to remaining performance obligations are not material to the Company's financial statements.

4. RECEIVABLES

The Company's receivables represent fee receivables, amounts due from customers and other receivables. The fee receivables are generally due within 60 days from the date of invoice except as related to certain Restructuring and Private Capital Advisory services which have fee receivables due upon specified contractual payment terms. For customer loans within customer and other receivables, the Company has elected to apply the practical expedient, in accordance with CECL guidance, for financial assets with collateral maintenance provisions, which results in no expected credit losses given that these loans are maintained with collateral having a fair value in excess of the carrying amount of the loans as of June 30, 2020.

Receivables are stated net of an estimated allowance for doubtful accounts determined in accordance with the CECL model, for general credit risk of the overall portfolio and for specific accounts deemed uncollectible, which may include situations where a fee is in dispute.

For fee receivables, the allowance for doubtful accounts is determined together for all Financial Advisory fees except for Private Capital Advisory given the different nature of the business, client composition, and risk characteristics. In addition, a separate allowance for doubtful accounts is determined for all Asset Management fees. The allowance is measured by the application of an average charge-off rate, determined annually based on historical bad debt charge-off experience, to the fee receivable balance of the respective services, adjusted for specific allowance recognized based on current conditions of individual clients. The current factors are considered on a quarterly basis and include the aging of the receivables, the clients' ability to make payments, and the Company's relationship with the client. In addition, the Company also performs a qualitative assessment on a quarterly basis to monitor economic factors and other uncertainties that may require additional adjustment to the expected credit loss allowance.

With respect to fees receivable from Financial Advisory activities, such receivables are generally deemed past due when they are outstanding 60 days from the date of invoice, except for certain transactions that include specific contractual payment terms that may vary from one month to four years following the invoice date (as is the case for Private Capital Advisory fees) or may be subject to court approval (as is the case with Restructuring activities that include bankruptcy proceedings). In such cases, receivables are deemed past due when payment is not received by the agreed-upon contractual date or the court approval date, respectively. Financial Advisory fee receivables past due, from the date of invoice or the specific contractual payment terms, in excess of 180 days are fully provided for unless there is evidence that the balance is collectible. Notwithstanding our policy for receivables past due, any receivables that we determine are impaired result in specific reserves against such exposures. Asset Management fees are fully provided for when such receivables are outstanding 12 months after the invoice date. In addition, the Company specifically reserves against exposures relating to Asset Management fees where we determine receivables are impaired prior to being outstanding for 12 months.

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Activity in the allowance for doubtful accounts for the three month and six month periods ended June 30, 2020 and 2019 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Beginning Balance	\$ 31,287	\$ 43,258	\$ 27,130	\$ 40,164
Adjustment for adoption of new accounting guidance	-	-	7,575	-
Bad debt expense, net of reversals	9,444	(9,380)	8,917	(5,551)
Charge-offs, foreign currency translation and other adjustments	228	(343)	(2,663)	(1,078)
Ending Balance *	<u>\$ 40,959</u>	<u>\$ 33,535</u>	<u>\$ 40,959</u>	<u>\$ 33,535</u>

*The allowance for doubtful accounts balances are substantially all related to M&A and Restructuring fee receivables that include recoverable expense receivables.

Bad debt expense, net of reversals represents the current period provision of expected credit losses and is included in “operating expenses—other” on the condensed consolidated statements of operations.

Of the Company’s fee receivables at June 30, 2020 and December 31, 2019, \$77,941 and \$77,052, respectively, represented interest-bearing financing receivables for our Private Capital Advisory fees. Based upon our historical loss experience, the credit quality of the counterparties, and the lack of uncollectible amounts, there was no allowance for doubtful accounts required at those dates related to such receivables.

The aggregate carrying amount of our non-interest bearing receivables of \$574,171 and \$586,086 at June 30, 2020 and December 31, 2019, respectively, approximates fair value.

5. INVESTMENTS

The Company’s investments and securities sold, not yet purchased, consist of the following at June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Interest-bearing deposits	\$ -	\$ 517
Debt	-	100,000
Equities	39,690	48,521
Funds:		
Alternative investments (a)	32,610	16,581
Debt (a)	134,527	113,579
Equity (a)	280,853	218,435
Private equity	35,686	34,362
	<u>483,676</u>	<u>382,957</u>
Total investments	523,366	531,995
Less:		
Interest-bearing deposits	-	517
Investments, at fair value	<u>\$ 523,366</u>	<u>\$ 531,478</u>
Securities sold, not yet purchased, at fair value (included in “other liabilities”)	<u>\$ 10,127</u>	<u>\$ 12,894</u>

(a) Interests in alternative investment funds, debt funds and equity funds include investments with fair values of \$9,886, \$100,858 and \$228,353, respectively, at June 30, 2020 and \$9,881, \$78,360 and \$170,897, respectively, at December 31, 2019, held in order to satisfy the Company’s liability upon vesting of previously granted Lazard Fund Interests (“LFI”) and other similar

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deferred compensation arrangements. LFI represent grants by the Company to eligible employees of actual or notional interests in a number of Lazard-managed funds, subject to service-based vesting conditions (see Notes 7 and 13).

Interest-bearing deposits have original maturities of greater than three months but equal to or less than one year and are carried at cost that approximates fair value due to their short-term maturities.

Debt primarily consists of U.S. Treasury securities with original maturities of greater than three months and less than one year.

Equities primarily consist of seed investments invested in marketable equity securities of large-, mid- and small-cap domestic, international and global companies held within separately managed accounts related to our Asset Management business.

Alternative investment funds primarily consist of interests in various Lazard-managed hedge funds, funds of funds and mutual funds. Such amounts primarily consist of seed investments in funds related to our Asset Management business and amounts related to LFI discussed above.

Debt funds primarily consist of seed investments in funds related to our Asset Management business that invest in debt securities, amounts related to LFI discussed above and an investment in a Lazard-managed debt fund.

Equity funds primarily consist of seed investments in funds related to our Asset Management business that invest in equity securities, and amounts related to LFI discussed above.

Private equity investments include those owned by Lazard and those consolidated but not owned by Lazard. Private equity investments owned by Lazard are primarily comprised of investments in private equity funds. Such investments primarily include (i) Edgewater Growth Capital Partners III, L.P. (“EGCP III”), a fund primarily making equity and buyout investments in middle market companies and (ii) a fund targeting significant noncontrolling-stake investments in established private companies.

Private equity investments consolidated but not owned by Lazard relate to the economic interests that are owned by the management team and other investors in the Edgewater Funds (“Edgewater”).

During the three month and six month periods ended June 30, 2020 and 2019, the Company reported in “revenue-other” on its condensed consolidated statements of operations net unrealized investment gains and losses pertaining to “equity securities and trading debt securities” still held as of the reporting date as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net unrealized investment gains (losses)	\$ 43,494	\$ 7,229	\$ (938)	\$ 27,152

6. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy of Investments and Certain Other Assets and Liabilities—Lazard categorizes its investments and certain other assets and liabilities recorded at fair value into a three-level fair value hierarchy as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Lazard has the ability to access.

Level 2. Assets and liabilities whose values are based on (i) quoted prices for similar assets or liabilities in an active market, or quoted prices for identical or similar assets or liabilities in non-active markets, or (ii) inputs other than quoted prices that are directly observable or derived principally from, or corroborated by, market data.

Level 3. Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect our own assumptions about the assumptions a market participant would use in pricing the asset or liability. Items included in Level 3 include securities or other financial assets whose trading volume and level of activity have significantly decreased when compared with normal market activity and there is no longer sufficient frequency or volume to provide pricing information on an ongoing basis.

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The fair value of debt is classified as Level 1 when the fair values are based on unadjusted quoted prices in active markets.

The fair value of equities is classified as Level 1 or Level 3 as follows: marketable equity securities are classified as Level 1 and are valued based on the last trade price on the primary exchange for that security as provided by external pricing services; equity securities in private companies are generally classified as Level 3.

The fair value of investments in alternative investment funds, debt funds and equity funds is classified as Level 1 when the fair values are primarily based on the publicly reported closing price for the fund.

The fair value of investments in private equity funds is classified as Level 3 for certain investments that are valued based on the potential transaction value as of June 30, 2020.

The fair value of securities sold, not yet purchased, is classified as Level 1 when the fair values are based on unadjusted quoted prices in active markets.

The fair value of the contingent consideration liability is classified as Level 3 and the fair value of the liability is remeasured at each reporting period. The inputs used to derive the fair value of the contingent consideration include the application of probabilities when assessing certain performance thresholds for the relevant periods. Any change in the fair value is recognized in “amortization and other acquisition-related (benefits) costs” in the condensed consolidated statement of operations. Our business acquisitions may involve the potential payment of contingent consideration upon the achievement of certain performance thresholds. The contingent consideration liability is initially recorded at fair value of the contingent payments on the acquisition date and is included in “other liabilities” on the condensed consolidated statements of financial condition.

The fair value of derivatives entered into by the Company is classified as Level 2 and is based on the values of the related underlying assets, indices or reference rates as follows: the fair value of forward foreign currency exchange rate contracts is a function of the spot rate and the interest rate differential of the two currencies from the trade date to settlement date; the fair value of total return swaps is based on the change in fair value of the related underlying equity security, financial instrument or index and a specified notional holding; the fair value of interest rate swaps is based on the interest rate yield curve; and the fair value of derivative liabilities related to LFI and other similar deferred compensation arrangements is based on the value of the underlying investments, adjusted for forfeitures. See Note 7.

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Investments Measured at Net Asset Value (“NAV”)—As a practical expedient, the Company uses NAV or its equivalent to measure the fair value of certain investments. NAV is primarily determined based on information provided by external fund administrators. The Company’s investments valued at NAV as a practical expedient in (i) alternative investment funds, debt funds and equity funds are redeemable in the near term, and (ii) private equity funds are not redeemable in the near term as a result of redemption restrictions.

The following tables present, as of June 30, 2020 and December 31, 2019, the classification of (i) investments and certain other assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy and (ii) investments measured at NAV or its equivalent as a practical expedient:

	June 30, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Assets:					
Investments:					
Equities	\$ 38,110	\$ -	\$ 1,580	\$ -	\$ 39,690
Funds:					
Alternative investments	15,574	-	-	17,036	32,610
Debt	134,522	-	-	5	134,527
Equity	280,817	-	-	36	280,853
Private equity	-	-	1,012	34,674	35,686
Derivatives	-	6,652	-	-	6,652
Total	<u>\$ 469,023</u>	<u>\$ 6,652</u>	<u>\$ 2,592</u>	<u>\$ 51,751</u>	<u>\$ 530,018</u>
Liabilities:					
Securities sold, not yet purchased	\$ 10,127	\$ -	\$ -	\$ -	\$ 10,127
Derivatives	-	275,773	-	-	275,773
Total	<u>\$ 10,127</u>	<u>\$ 275,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,900</u>
December 31, 2019					
	Level 1	Level 2	Level 3	NAV	Total
Assets:					
Investments:					
Debt	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Equities	46,921	-	1,600	-	48,521
Funds:					
Alternative investments	15,731	-	-	850	16,581
Debt	113,574	-	-	5	113,579
Equity	218,393	-	-	42	218,435
Private equity	-	-	1,371	32,991	34,362
Derivatives	-	1,395	-	-	1,395
Total	<u>\$ 494,619</u>	<u>\$ 1,395</u>	<u>\$ 2,971</u>	<u>\$ 33,888</u>	<u>\$ 532,873</u>
Liabilities:					
Securities sold, not yet purchased	\$ 12,894	\$ -	\$ -	\$ -	\$ 12,894
Derivatives	-	236,273	-	-	236,273
Total	<u>\$ 12,894</u>	<u>\$ 236,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,167</u>

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The following tables provide a summary of changes in fair value of the Company's Level 3 assets and liabilities for the three month and six month periods ended June 30, 2020 and 2019:

	Three Months Ended June 30, 2020					Ending Balance
	Beginning Balance	Net Unrealized/ Realized Gains/Losses Included In Earnings (a)	Purchases/ Acquisitions	Sales/ Dispositions/ Settlements	Foreign Currency Translation Adjustments	
Assets:						
Investments:						
Equities	\$ 1,425	\$ 156	\$ -	\$ -	\$ (1)	\$ 1,580
Private equity funds	1,347	(335)	-	-	-	1,012
Total Level 3 Assets	\$ 2,772	\$ (179)	\$ -	\$ -	\$ (1)	\$ 2,592

	Six Months Ended June 30, 2020					Ending Balance
	Beginning Balance	Net Unrealized/ Realized Gains/Losses Included In Earnings (a)	Purchases/ Acquisitions	Sales/ Dispositions/ Settlements	Foreign Currency Translation Adjustments	
Assets:						
Investments:						
Equities	\$ 1,600	\$ 57	\$ -	\$ -	\$ (77)	\$ 1,580
Private equity funds	1,371	(359)	-	-	-	1,012
Total Level 3 Assets	\$ 2,971	\$ (302)	\$ -	\$ -	\$ (77)	\$ 2,592

	Three Months Ended June 30, 2019					Ending Balance
	Beginning Balance	Net Unrealized/ Realized Gains/Losses Included In Earnings (a)	Purchases/ Acquisitions/ Transfers (b)	Sales/ Dispositions/ Settlements	Foreign Currency Translation Adjustments	
Assets:						
Investments:						
Equities	\$ 1,618	\$ (12)	\$ -	\$ -	\$ -	\$ 1,606
Private equity funds	-	-	2,131	-	-	2,131
Total Level 3 Assets	\$ 1,618	\$ (12)	\$ 2,131	\$ -	\$ -	\$ 3,737
Liabilities:						
Contingent consideration liability	\$ 13,048	\$ 4,611	\$ -	\$ (13,273)	\$ -	\$ 4,386
Total Level 3 Liabilities	\$ 13,048	\$ 4,611	\$ -	\$ (13,273)	\$ -	\$ 4,386

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	Six Months Ended June 30, 2019					Ending Balance
	Beginning Balance	Net Unrealized/Realized Gains/Losses Included In Earnings (a)	Purchases/Acquisitions/Transfers (b)	Sales/Dispositions/Settlements	Foreign Currency Translation Adjustments	
Assets:						
Investments:						
Equities	\$ 1,622	\$ (14)	\$ -	\$ -	\$ (2)	\$ 1,606
Private equity funds	-	-	2,131	-	-	2,131
Total Level 3 Assets	<u>\$ 1,622</u>	<u>\$ (14)</u>	<u>\$ 2,131</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 3,737</u>
Liabilities:						
Contingent consideration liability	\$ 10,009	\$ 7,650	\$ -	\$ (13,273)	\$ -	\$ 4,386
Total Level 3 Liabilities	<u>\$ 10,009</u>	<u>\$ 7,650</u>	<u>\$ -</u>	<u>\$ (13,273)</u>	<u>\$ -</u>	<u>\$ 4,386</u>

- (a) Earnings recorded in “other revenue” for investments in equities for the three month and six month periods ended June 30, 2020 and 2019 include net unrealized losses of \$179, \$302, \$12 and \$14, respectively. Earnings recorded in “amortization and other acquisition-related costs” for the contingent consideration liability for the three month and six month periods ended June 30, 2019 include unrealized losses of \$4,611 and \$7,650, respectively.
- (b) Certain investments that were valued at NAV as of December 31, 2018 were transferred to Level 3 during the three month and six month periods ended June 30, 2019 as these investments are valued based on a potential transaction value that differs from NAV.

There were no other transfers into or out of Level 3 within the fair value hierarchy during the three month and six month periods ended June 30, 2020 and 2019.

The following tables present, at June 30, 2020 and December 31, 2019, certain investments that are valued using NAV or its equivalent as a practical expedient in determining fair value:

	June 30, 2020		Investments Redeemable		
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	Redemption Frequency	Redemption Notice Period
Alternative investment funds:					
Hedge funds	\$ 16,440	\$ -	NA	(a)	30-60 days
Other	596	-	NA	(b)	<30-30 days
Debt funds	5	-	NA	(c)	<30 days
Equity funds	36	-	NA	(d)	<30-60 days
Private equity funds:					
Equity growth	34,674	6,056	(e)	100%(f)	NA
Total	<u>\$ 51,751</u>	<u>\$ 6,056</u>			

- (a) monthly (99%) and quarterly (1%)
- (b) daily (6%) and monthly (94%)
- (c) daily (100%)
- (d) monthly (36%) and annually (64%)
- (e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$11,155 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.
- (f) Distributions from each fund will be received as the underlying investments of the funds are liquidated.

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	December 31, 2019				
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	Investments Redeemable	
				Redemption Frequency	Redemption Notice Period
Alternative investment funds:					
Hedge funds	\$ 241	\$ -	NA	(a)	30-60 days
Other	609	-	NA	(b)	<30-30 days
Debt funds	5	-	NA	(c)	<30 days
Equity funds	42	-	NA	(d)	<30-60 days
Private equity funds:					
Equity growth	32,991	6,056	(e)	100%(f)	NA
Total	<u>\$ 33,888</u>	<u>\$ 6,056</u>			

(a) monthly (52%) and quarterly (48%)

(b) daily (6%) and monthly (94%)

(c) daily (100%)

(d) monthly (34%) and annually (66%)

(e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$11,155 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.

(f) Distributions from each fund will be received as the underlying investments of the funds are liquidated.

Investment Capital Funding Commitments—At June 30, 2020, the Company’s maximum unfunded commitments for capital contributions to investment funds primarily arose from commitments to EGCP III, which amounted to \$5,484. The investment period for EGCP III ended on October 12, 2016, after which point the Company’s obligation to fund capital contributions for new investments in EGCP III expired. The Company remains obligated until October 12, 2023 (or any earlier liquidation of EGCP III) to make capital contributions necessary to fund follow-on investments and to pay for fund expenses.

7. DERIVATIVES

The Company enters into forward foreign currency exchange rate contracts, interest rate swaps, interest rate futures, total return swap contracts on various equity and debt indices and other derivative contracts to economically hedge exposures to fluctuations in currency exchange rates, interest rates and equity and debt prices. The Company reports its derivative instruments separately as assets and liabilities unless a legal right of set-off exists under a master netting agreement enforceable by law. The Company’s derivative instruments are recorded at their fair value, and are included in “other assets” and “other liabilities” on the condensed consolidated statements of financial condition. Gains and losses on the Company’s derivative instruments are generally included in “interest income” and “interest expense”, respectively, or “revenue-other”, depending on the nature of the underlying item, in the condensed consolidated statements of operations.

In addition to the derivative instruments described above, the Company records derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements, the fair value of which is based on the value of the underlying investments, adjusted for estimated forfeitures, and is included in “accrued compensation and benefits” in the condensed consolidated statements of financial condition. Changes in the fair value of the derivative liabilities are included in “compensation and benefits” in the condensed consolidated statements of operations, the impact of which equally offsets the changes in the fair value of investments which are currently expected to be delivered upon settlement of LFI and other similar deferred compensation arrangements, which are reported in “revenue-other” in the condensed consolidated statements of operations.

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The table below presents the fair value of the Company's derivative instruments reported within "other assets" and "other liabilities" and the fair value of the Company's derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements reported within "accrued compensation and benefits" (see Note 13) on the accompanying condensed consolidated statements of financial condition as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Derivative Assets:		
Forward foreign currency exchange rate contracts	\$ 582	\$ 1,395
Total return swaps and other (a)	6,070	-
	<u>\$ 6,652</u>	<u>\$ 1,395</u>
Derivative Liabilities:		
Forward foreign currency exchange rate contracts	\$ 912	\$ 1,720
Total return swaps and other (a)	-	8,527
LFI and other similar deferred compensation arrangements	274,861	226,026
	<u>\$ 275,773</u>	<u>\$ 236,273</u>

(a) For total return swaps, amounts represent the netting of gross derivative assets and liabilities of \$6,584 and \$514 as of June 30, 2020, respectively, and \$152 and \$8,679 as of December 31, 2019, respectively, for contracts with the same counterparty under legally enforceable master netting agreements. Such amounts are recorded "net" in "other assets" and "other liabilities" as of June 30, 2020 and December 31, 2019, respectively.

Net gains (losses) with respect to derivative instruments (predominantly reflected in "revenue-other") and the Company's derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements (included in "compensation and benefits" expense) as reflected on the accompanying condensed consolidated statements of operations for the three month and six month periods ended June 30, 2020 and 2019, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Forward foreign currency exchange rate contracts	\$ (3,549)	\$ (3,424)	\$ (1,777)	\$ 1,096
LFI and other similar deferred compensation arrangements	(23,803)	(6,484)	(4,166)	(20,354)
Total return swaps and other	(11,808)	(1,976)	7,037	(9,633)
Total	<u>\$ (39,160)</u>	<u>\$ (11,884)</u>	<u>\$ 1,094</u>	<u>\$ (28,891)</u>

8. PROPERTY

At June 30, 2020 and December 31, 2019, property consisted of the following:

	Estimated Depreciable Life in Years	June 30, 2020	December 31, 2019
Buildings	33	\$ 141,842	\$ 142,298
Leasehold improvements	3-20	197,345	197,358
Furniture and equipment	3-10	218,952	215,254
Construction in progress		52,022	32,477
Total		610,161	587,387
Less - Accumulated depreciation and amortization		381,540	367,545
Property		<u>\$ 228,621</u>	<u>\$ 219,842</u>

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9. GOODWILL AND OTHER INTANGIBLE ASSETS

The components of goodwill and other intangible assets at June 30, 2020 and December 31, 2019 are presented below:

	June 30, 2020	December 31, 2019
Goodwill	\$ 368,069	\$ 371,773
Other intangible assets (net of accumulated amortization)	1,090	1,821
	<u>\$ 369,159</u>	<u>\$ 373,594</u>

At June 30, 2020 and December 31, 2019, goodwill of \$303,528 and \$307,232, respectively, was attributable to the Company's Financial Advisory segment and, at each such respective date, \$64,541 of goodwill was attributable to the Company's Asset Management segment.

Changes in the carrying amount of goodwill for the six month periods ended June 30, 2020 and 2019 are as follows:

	Six Months Ended June 30,	
	2020	2019
Balance, January 1	\$ 371,773	\$ 371,561
Foreign currency translation adjustments	(3,704)	(25)
Balance, June 30	<u>\$ 368,069</u>	<u>\$ 371,536</u>

All changes in the carrying amount of goodwill for the six month periods ended June 30, 2020 and 2019 are attributable to the Company's Financial Advisory segment.

The gross cost and accumulated amortization of other intangible assets as of June 30, 2020 and December 31, 2019, by major intangible asset category, are as follows:

	June 30, 2020			December 31, 2019		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Success/incentive fees	\$ 35,223	\$ 34,474	\$ 749	\$ 35,338	\$ 33,840	\$ 1,498
Management fees, customer relationships and non-compete agreements	34,945	34,604	341	34,788	34,465	323
	<u>\$ 70,168</u>	<u>\$ 69,078</u>	<u>\$ 1,090</u>	<u>\$ 70,126</u>	<u>\$ 68,305</u>	<u>\$ 1,821</u>

Amortization expense of intangible assets, included in "amortization and other acquisition-related costs" in the condensed consolidated statements of operations, for the three month and six month periods ended June 30, 2020 was \$455 and \$901, respectively, and for the three month and six month periods ended June 30, 2019 was \$431 and \$862, respectively. Estimated future amortization expense is as follows:

<u>Year Ending December 31,</u>	<u>Amortization Expense</u>
2020 (July 1 through December 31)	\$ 880
2021	60
2022	60
2023	60
2024	30
Total amortization expense	<u>\$ 1,090</u>

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10. SENIOR DEBT

Senior debt is comprised of the following as of June 30, 2020 and December 31, 2019:

	Initial Principal Amount	Maturity Date	Annual Interest Rate(b)	Outstanding as of					
				June 30, 2020		December 31, 2019			
				Principal	Unamortized Debt Costs	Carrying Value	Principal	Unamortized Debt Costs	Carrying Value
Lazard Group 2025									
Senior Notes	\$400,000	2/13/25	3.75%	\$ 400,000	\$ 2,180	\$ 397,820	\$ 400,000	\$ 2,416	\$ 397,584
Lazard Group 2027									
Senior Notes	300,000	3/1/27	3.625%	300,000	2,625	297,375	300,000	2,822	297,178
Lazard Group 2028									
Senior Notes	500,000	9/19/28	4.50%	500,000	7,366	492,634	500,000	7,814	492,186
Lazard Group 2029									
Senior Notes (a)	500,000	3/11/29	4.375%	500,000	6,984	493,016	500,000	7,386	492,614
Total				<u>\$1,700,000</u>	<u>\$ 19,155</u>	<u>\$1,680,845</u>	<u>\$1,700,000</u>	<u>\$ 20,438</u>	<u>\$1,679,562</u>

- (a) During March 2019, Lazard Group completed an offering of \$500,000 aggregate principal amount of 4.375% senior notes due 2029 (the “2029 Notes”). Interest on the 2029 Notes is payable semi-annually on March 11 and September 11 of each year, beginning September 11, 2019. Lazard Group used a portion of the net proceeds of the 2029 Notes to redeem or otherwise retire \$250,000 aggregate principal amount of the 4.25% senior notes due 2020 (the “2020 Notes”). In March 2019, \$167,943 aggregate principal amount was redeemed or otherwise retired, and the remaining \$82,057 was redeemed or otherwise retired in April 2019.
- (b) The effective interest rates of Lazard Group’s 3.75% senior notes due February 13, 2025 (the “2025 Notes”), Lazard Group’s 3.625% senior notes due March 1, 2027 (the “2027 Notes”), Lazard Group’s 4.50% senior notes due September 19, 2028 (the “2028 Notes”), and the 2029 Notes are 3.87%, 3.76%, 4.68% and 4.54%, respectively.

The Company’s senior debt at June 30, 2020 and December 31, 2019 is carried at historical amounts of \$1,680,845 and \$1,679,562, respectively. At those dates, the fair value of such senior debt was approximately \$1,873,000 and \$1,839,000, respectively. The fair value of the Company’s senior debt is based on market quotations. The Company’s senior debt would be categorized within Level 2 of the hierarchy of fair value measurements if carried at fair value.

On September 25, 2015, Lazard Group entered into an amended and restated credit agreement for a five-year \$150,000 senior revolving credit facility with a group of lenders (the “Existing Credit Agreement”), which was amended and restated in its entirety in July 2020 by the Amended and Restated Credit Agreement (as defined below). The Existing Credit Agreement amended and restated Lazard Group’s previous credit agreement dated September 25, 2012. Borrowings under the Existing Credit Agreement generally will bear interest at LIBOR plus an applicable margin for specific interest periods determined based on Lazard Group’s highest credit rating from an internationally recognized credit agency. At June 30, 2020 and December 31, 2019, no amounts were outstanding under the Existing Credit Agreement.

As of June 30, 2020, the Company had approximately \$168,000 in unused lines of credit available to it, including the credit facility provided under the Existing Credit Agreement and unused lines of credit available to LFB of approximately \$17,000.

The Existing Credit Agreement, the indenture and the supplemental indentures relating to Lazard Group’s senior notes contain certain covenants, events of default and other customary provisions, including a customary make-whole provision in the event of early redemption, where applicable. As of June 30, 2020, the Company was in compliance with such provisions. All of the Company’s senior debt obligations are unsecured.

On July 22, 2020, Lazard Group entered into an Amended and Restated Credit Agreement for a three-year, \$200,000 senior revolving credit facility with a group of lenders, which expires in July 2023 (the “Amended and Restated Credit Agreement”). The Amended and Restated Credit Agreement amends and restates the Existing Credit Agreement in its entirety. Borrowings under the Amended and Restated Credit Agreement generally will bear interest at LIBOR plus an applicable margin for specific interest periods determined based on Lazard Group’s highest credit rating from an internationally recognized credit agency. The Amended and

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Restated Credit Agreement contains certain covenants, events of default and other customary provisions, including customary LIBOR-replacement mechanics.

11. COMMITMENTS AND CONTINGENCIES

Other Commitments—The Company has various other contractual commitments arising in the ordinary course of business. In addition, from time to time, LFB and LFNY may enter into underwriting commitments in which it will participate as an underwriter. At June 30, 2020, LFB and LFNY had no such underwriting commitments.

See Notes 6 and 14 for information regarding commitments relating to investment capital funding commitments and obligations to fund our pension plans, respectively.

In the opinion of management, the fulfillment of the commitments described herein will not have a material adverse effect on the Company’s condensed consolidated financial position or results of operations.

Legal—The Company is involved from time to time in judicial, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required accrual if a loss is probable and the amount of such loss can be reasonably estimated. The Company experiences significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company’s earnings in any particular fiscal quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

12. STOCKHOLDERS’ EQUITY

Share Repurchase Program— Since 2018 and through the six month period ended June 30, 2020, the Board of Directors of Lazard authorized the repurchase of Lazard Ltd Class A common stock, the only class of common stock of Lazard outstanding (“common stock”), as set forth in the table below:

<u>Date</u>	<u>Repurchase Authorization</u>	<u>Expiration</u>
April 2018	\$ 300,000	December 31, 2020
October 2018	\$ 300,000	December 31, 2020
February 2019	\$ 300,000	December 31, 2020
October 2019	\$ 300,000	December 31, 2021

The Company expects that the share repurchase program will continue to be used to offset a portion of the shares that have been or will be issued under the Lazard Ltd 2008 Incentive Compensation Plan (the “2008 Plan”) and the Lazard Ltd 2018 Incentive Compensation Plan (the “2018 Plan”). Pursuant to the share repurchase program, purchases have been made in the open market or through privately negotiated transactions. The rate at which the Company purchases shares in connection with the share repurchase program may vary from period to period due to a variety of factors. Purchases with respect to such program are set forth in the table below:

<u>Six Months Ended June 30:</u>	<u>Number of Shares Purchased</u>	<u>Average Price Per Share</u>
2019	9,715,003	\$ 36.20
2020	2,912,035	\$ 32.70

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During the six month periods ended June 30, 2020 and 2019, certain of our executive officers received common stock in connection with the vesting or settlement of previously-granted deferred equity incentive awards. The vesting or settlement of such equity awards gave rise to a tax payable by the executive officers, and, consistent with our past practice, the Company purchased shares of common stock from certain of our executive officers equal in value to all or a portion of the estimated amount of such tax. In addition, during the six month period ended June 30, 2020, the Company purchased shares of common stock from certain of our executive officers. The aggregate value of all such purchases during the six month periods ended June 30, 2020 and 2019 was approximately \$10,000 and \$14,600, respectively. Such shares of common stock are reported at cost.

As of June 30, 2020, a total of \$305,598 of share repurchase authorization remained available under the Company's share repurchase program, \$5,598 of which will expire on December 31, 2020 and \$300,000 of which will expire on December 31, 2021.

During the six month period ended June 30, 2020, the Company had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which it effected stock repurchases in the open market.

Preferred Stock—Lazard Ltd has 15,000,000 authorized shares of preferred stock, par value \$0.01 per share, inclusive of its Series A and Series B preferred stock. Series A and Series B preferred shares were issued in connection with certain prior year business acquisitions and were each non-participating securities convertible into common stock, and had no voting or dividend rights. As of both June 30, 2020 and December 31, 2019, no shares of Series A or Series B preferred stock were outstanding.

Accumulated Other Comprehensive Income (Loss), Net of Tax—The tables below reflect the balances of each component of AOCI at June 30, 2020 and 2019 and activity during the three month and six month periods then ended:

	Three Months Ended June 30, 2020				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, April 1, 2020	\$ (171,332)	\$ (162,081)	\$ (333,413)	\$ (1)	\$ (333,412)
Activity:					
Other comprehensive income (loss) before reclassifications	22,384	491	22,875	(1)	22,876
Adjustments for items reclassified to earnings, net of tax	-	1,615	1,615	-	1,615
Net other comprehensive income (loss)	22,384	2,106	24,490	(1)	24,491
Balance, June 30, 2020	<u>\$ (148,948)</u>	<u>\$ (159,975)</u>	<u>\$ (308,923)</u>	<u>\$ (2)</u>	<u>\$ (308,921)</u>

	Six Months Ended June 30, 2020				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, January 1, 2020	\$ (120,586)	\$ (173,064)	\$ (293,650)	\$ (2)	\$ (293,648)
Activity:					
Other comprehensive income (loss) before reclassifications	(28,362)	9,579	(18,783)	-	(18,783)
Adjustments for items reclassified to earnings, net of tax	-	3,510	3,510	-	3,510
Net other comprehensive income (loss)	(28,362)	13,089	(15,273)	-	(15,273)
Balance, June 30, 2020	<u>\$ (148,948)</u>	<u>\$ (159,975)</u>	<u>\$ (308,923)</u>	<u>\$ (2)</u>	<u>\$ (308,921)</u>

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	Three Months Ended June 30, 2019				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, April 1, 2019	\$ (126,357)	\$ (142,502)	\$ (268,859)	\$ (1)	\$ (268,858)
Activity:					
Other comprehensive income (loss) before reclassifications	(7,053)	2,812	(4,241)	(2)	(4,239)
Adjustments for items reclassified to earnings, net of tax	-	1,113	1,113	-	1,113
Net other comprehensive income (loss)	(7,053)	3,925	(3,128)	(2)	(3,126)
Balance, June 30, 2019	\$ (133,410)	\$ (138,577)	\$ (271,987)	\$ (3)	\$ (271,984)

	Six Months Ended June 30, 2019				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, January 1, 2019	\$ (130,137)	\$ (143,683)	\$ (273,820)	\$ (2)	\$ (273,818)
Activity:					
Other comprehensive income (loss) before reclassifications	(3,273)	2,861	(412)	(1)	(411)
Adjustments for items reclassified to earnings, net of tax	-	2,245	2,245	-	2,245
Net other comprehensive income (loss)	(3,273)	5,106	1,833	(1)	1,834
Balance, June 30, 2019	\$ (133,410)	\$ (138,577)	\$ (271,987)	\$ (3)	\$ (271,984)

The table below reflects adjustments for items reclassified out of AOCI, by component, for the three month and six month periods ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Amortization relating to employee benefit plans (a)	\$ 1,953	\$ 1,287	\$ 4,186	\$ 2,597
Less - related income taxes	338	174	676	352
Total reclassifications, net of tax	\$ 1,615	\$ 1,113	\$ 3,510	\$ 2,245

(a) Included in the computation of net periodic benefit cost (see Note 14). Such amounts are included in “operating expenses—other” on the condensed consolidated statements of operations.

Noncontrolling Interests—Noncontrolling interests principally represent (i) interests held in Edgewater’s management vehicles that the Company is deemed to control, but does not own, (ii) profits interest participation rights (see Note 13) and (iii) consolidated VIE interests held by employees (see Note 21).

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The tables below summarize net income (loss) attributable to noncontrolling interests for the three month and six month periods ended June 30, 2020 and 2019 and noncontrolling interests as of June 30, 2020 and December 31, 2019 in the Company's condensed consolidated financial statements:

	Net Income (Loss) Attributable to Noncontrolling Interests			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Edgewater	\$ (2,944)	\$ 7,501	\$ (4,347)	\$ 6,935
Consolidated VIEs	2,561	234	(1,727)	234
Other	1	1	1	1
Total	<u>\$ (382)</u>	<u>\$ 7,736</u>	<u>\$ (6,073)</u>	<u>\$ 7,170</u>

	Noncontrolling Interests as of	
	June 30, 2020	December 31, 2019
Edgewater	\$ 43,987	\$ 50,151
Profits interest participation rights	3,400	3,177
Consolidated VIEs	35,971	18,241
Other	13	14
Total	<u>\$ 83,371</u>	<u>\$ 71,583</u>

Dividends Declared, July 29, 2020—On July 29, 2020, the Board of Directors of Lazard declared a quarterly dividend of \$0.47 per share on our common stock. The dividend is payable on August 21, 2020, to stockholders of record on August 10, 2020.

13. INCENTIVE PLANS

Share-Based Incentive Plan Awards

A description of Lazard Ltd's 2018 Plan, 2008 Plan and 2005 Equity Incentive Plan (the "2005 Plan") and activity with respect thereto during the three month and six month periods ended June 30, 2020 and 2019 is presented below.

Shares Available Under the 2018 Plan, 2008 Plan and 2005 Plan

The 2018 Plan became effective on April 24, 2018 and replaced the 2008 Plan, which was terminated on April 24, 2018. The 2018 Plan authorizes the issuance of up to 30,000,000 shares of common stock pursuant to the grant or exercise of stock options, stock appreciation rights, restricted stock units ("RSUs"), performance-based restricted stock units ("PRSUs"), profits interest participation rights, including performance-based restricted participation units ("PRPUs"), and other share-based awards.

The 2008 Plan authorized the issuance of shares of common stock pursuant to the grant or exercise of stock options, stock appreciation rights, RSUs, PRSUs and other share-based awards. Under the 2008 Plan, the maximum number of shares available was based on a formula that limited the aggregate number of shares that could, at any time, be subject to awards that were considered "outstanding" under the 2008 Plan to 30% of the then-outstanding shares of common stock. The 2008 Plan was terminated on April 24, 2018, and no additional awards have been or will be granted under the 2008 Plan after its termination, although outstanding awards granted under the 2008 Plan before its termination continue to be subject to its terms.

The 2005 Plan authorized the issuance of up to 25,000,000 shares of common stock pursuant to the grant or exercise of stock options, stock appreciation rights, RSUs and other share-based awards. The 2005 Plan expired in the second quarter of 2015, although outstanding deferred stock unit ("DSU") awards granted under the 2005 Plan before its expiration continue to be subject to its terms.

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The following reflects the amortization expense recorded with respect to share-based incentive plans within “compensation and benefits” expense (with respect to RSUs, PRSUs, profits interest participation rights, including PRPUs, and other share-based awards) and “professional services” expense (with respect to DSUs) within the Company’s accompanying condensed consolidated statements of operations for the three month and six month periods ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Share-based incentive awards:				
RSUs	\$ 40,223	\$ 48,194	\$ 83,140	\$ 103,391
PRSUs	630	928	4,991	2,249
Restricted Stock	9,015	8,085	17,546	17,597
Profits interest participation rights	16,885	17,413	33,051	35,881
DSUs	1,791	1,782	1,977	1,965
Total	<u>\$ 68,544</u>	<u>\$ 76,402</u>	<u>\$ 140,705</u>	<u>\$ 161,083</u>

The ultimate amount of compensation and benefits expense relating to share-based awards is dependent upon the actual number of shares of common stock that vest. The Company periodically assesses the forfeiture rates used for such estimates, including as a result of any applicable performance conditions. A change in estimated forfeiture rates or performance results in a cumulative adjustment to compensation and benefits expense and also would cause the aggregate amount of compensation expense recognized in future periods to differ from the estimated unrecognized compensation expense described below.

The Company’s share-based incentive plans and awards are described below.

RSUs and DSUs

RSUs generally require future service as a condition for the delivery of the underlying shares of common stock (unless the recipient is then eligible for retirement under the Company’s retirement policy) and convert into shares of common stock on a one-for-one basis after the stipulated vesting periods. The grant date fair value of the RSUs, net of an estimated forfeiture rate, is amortized over the vesting periods or requisite service periods (generally, one-third after two years and the remaining two-thirds after the third year) and is adjusted for actual forfeitures over such period.

RSUs generally include a dividend participation right that provides that, during the applicable vesting period, each RSU is attributed additional RSUs equivalent to any dividends paid on common stock during such period. During the six month period ended June 30, 2020, dividend participation rights required the issuance of 351,709 RSUs and the associated charge to “retained earnings”, net of estimated forfeitures (with corresponding credits to “additional paid-in-capital”) was \$10,712.

Non-executive members of the Board of Directors (“Non-Executive Directors”) receive approximately 55% of their annual compensation for service on the Board of Directors and its committees in the form of DSUs, which resulted in 59,693 DSUs being granted during the six month period ended June 30, 2020. Their remaining compensation is payable in cash, which they may elect to receive in the form of additional DSUs under the Directors’ Fee Deferral Unit Plan described below. DSUs are convertible into shares of common stock at the time of cessation of service to the Board of Directors. DSUs include a cash dividend participation right equivalent to dividends paid on common stock.

The Company’s Directors’ Fee Deferral Unit Plan permits the Non-Executive Directors to elect to receive additional DSUs in lieu of some or all of their cash fees. The number of DSUs granted to a Non-Executive Director pursuant to this election will equal the value of cash fees that the applicable Non-Executive Director has elected to forego pursuant to such election, divided by the market value of a share of common stock on the date immediately preceding the date of the grant. During the six month period ended June 30, 2020, 11,948 DSUs had been granted pursuant to such Plan.

DSU awards are expensed at their fair value on their date of grant, inclusive of amounts related to the Directors’ Fee Deferral Unit Plan.

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The following is a summary of activity relating to RSUs and DSUs during the six month period ended June 30, 2020:

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2020	10,387,566	\$ 44.66	395,973	\$ 38.01
Granted (including 351,709 RSUs relating to dividend participation)	3,108,966	\$ 42.87	71,641	\$ 27.60
Forfeited	(43,009)	\$ 42.08	-	-
Settled	(4,433,341)	\$ 46.66	-	-
Balance, June 30, 2020	<u>9,020,182</u>	<u>\$ 43.07</u>	<u>467,614</u>	<u>\$ 36.41</u>

In connection with RSUs that settled during the six month period ended June 30, 2020, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 1,609,901 shares of common stock during such six month period. Accordingly, 2,823,440 shares of common stock held by the Company were delivered during the six month period ended June 30, 2020.

As of June 30, 2020, estimated unrecognized RSU compensation expense was \$157,115, with such expense expected to be recognized over a weighted average period of approximately 0.9 years subsequent to June 30, 2020.

Restricted Stock

The following is a summary of activity related to shares of restricted common stock associated with compensation arrangements during the six month period ended June 30, 2020:

	Restricted Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2020	1,039,306	\$ 41.79
Granted (including 21,190 relating to dividend participation)	683,042	\$ 42.89
Forfeited	(17,192)	\$ 39.33
Settled	(510,659)	\$ 44.64
Balance, June 30, 2020	<u>1,194,497</u>	<u>\$ 41.23</u>

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In connection with shares of restricted common stock that settled during the six month period ended June 30, 2020, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 174,222 shares of common stock during such six month period. Accordingly, 336,437 shares of common stock held by the Company were delivered during the six month period ended June 30, 2020.

Restricted stock awards granted in 2020 generally include a dividend participation right that provides that during the applicable vesting period each restricted stock award is attributed additional shares of restricted common stock equivalent to any dividends paid on common stock during such period. During the six month period ended June 30, 2020, dividend participation rights required the issuance of 21,190 shares of restricted common stock and the associated charge to “retained earnings”, net of estimated forfeitures (with corresponding credits to “additional paid-in-capital”) was \$633. With respect to awards granted prior to 2020, the restricted stock awards include a cash dividend participation right equivalent to dividends paid on common stock during the period, which will vest concurrently with the underlying restricted stock award. At June 30, 2020, estimated unrecognized restricted stock expense was \$27,899, with such expense to be recognized over a weighted average period of approximately 0.9 years subsequent to June 30, 2020.

PRsUs

PRsUs are RSUs that are subject to both performance-based and service-based vesting conditions. The number of shares of common stock that a recipient will receive upon vesting of a PRsU will be calculated by reference to certain performance metrics that relate to the Company’s performance over a three-year period. The target number of shares of common stock subject to each PRsU is one; however, based on the achievement of the performance criteria, the number of shares of common stock that may be received in connection with each PRsU generally can range from zero to two times the target number. PRsUs will vest on a single date approximately three years following the date of the grant, provided the applicable service and performance conditions are satisfied. In addition, the performance metrics applicable to each PRsU will be evaluated on an annual basis at the end of each fiscal year during the performance period and, if the Company has achieved a threshold level of performance with respect to the fiscal year, 25% of the target number of shares of common stock subject to each PRsU will no longer be at risk of forfeiture based on the achievement of performance criteria. PRsUs include dividend participation rights that provide that during vesting periods, the target number of PRsUs (or, following the relevant performance period, the actual number of shares of common stock that are no longer subject to performance conditions) receive dividend equivalents at the same rate that dividends are paid on common stock during such periods. These dividend equivalents are credited as RSUs that are not subject to the performance-based vesting criteria but are otherwise subject to the same restrictions as the underlying PRsUs to which they relate.

The following is a summary of activity relating to PRsUs during the six month period ended June 30, 2020:

	PRsUs	Weighted Average Grant Date Fair Value
Balance, January 1, 2020	797,705	\$ 47.65
Settled	(550,650)	\$ 43.54
Balance, June 30, 2020	247,055	\$ 56.80

In connection with certain PRsUs that settled during the six month period ended June 30, 2020, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 91,314 shares of common stock during such six month period. Accordingly, 459,336 shares of common stock held by the Company were delivered during the six month period ended June 30, 2020.

Compensation expense recognized for PRsU awards is determined by multiplying the number of shares of common stock underlying such awards that, based on the Company’s estimate, are considered probable of vesting, by the grant date fair value. As of June 30, 2020, the total estimated unrecognized compensation expense was \$1,689, and the Company expects to amortize such expense over a weighted-average period of approximately 0.4 years subsequent to June 30, 2020.

Profits Interest Participation Rights

In early 2019, the Company established a new long-term incentive compensation program consisting of profits interest participation rights, which are equity incentive awards that, subject to certain conditions, may be exchanged for shares of common stock pursuant to the 2018 Plan. Pursuant to the program, in February 2019 and February 2020, the Company granted profits interest

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participation rights subject to service-based and performance-based vesting criteria and other conditions, which we refer to as performance-based restricted participation units (“PRPUs”), to each of the Company’s NEOs, and profits interest participation rights subject to service-based vesting criteria and other conditions to a limited number of other senior employees, pursuant to profits interest participation right agreements. Profits interest participation rights generally provide for vesting approximately three years following the grant date, so long as applicable conditions have been satisfied.

Profits interest participation rights are a class of membership interests in Lazard Group that are intended to qualify as “profits interests” for U.S. federal income tax purposes, and are recorded as noncontrolling interests within stockholders’ equity in the Company’s condensed consolidated statements of financial condition until they are exchanged into common stock, at which time there is a reclassification to additional paid-in-capital. The profits interest participation rights generally allow the recipient to realize value only to the extent that both (i) the service-based vesting conditions and, if applicable, the performance conditions, are satisfied, and (ii) an amount of economic appreciation in the assets of Lazard Group occurs as necessary to satisfy certain partnership tax rules (referred to as the "Minimum Value Condition") before the fifth anniversary of the grant date, otherwise the profits interest participation rights will be forfeited. Upon satisfaction of such conditions, profits interest participation rights that are in parity with the value of common stock will be exchanged on a one-for-one basis for shares of common stock. If forfeited based solely on failing to meet the Minimum Value Condition, the associated compensation expense would not be reversed. With regard to the profits interest participation rights granted in February 2019, the Minimum Value Condition was met during the six month period ended June 30, 2020.

Like outstanding RSUs and similar awards, profits interest participation rights are subject to continued employment and other conditions and restrictions and are forfeited if those conditions and restrictions are not fulfilled. More specifically, vesting of profits interest participation rights are subject to compliance with restrictive covenants including non-compete, non-solicitation of clients, no hire of employees and confidentiality, which are similar to those applicable to PRSUs and RSUs. In addition, profits interest participation rights must satisfy the Minimum Value Condition. PRPUs, like outstanding PRSUs, are subject to the achievement of incremental pre-established performance conditions and financial metrics and only result in value to the recipient to the extent the conditions are satisfied.

The number of shares of common stock that a recipient will receive upon the exchange of a PRPU award is calculated by reference to applicable financial metrics. The target number of shares of common stock subject to each PRPU is one. Based on the achievement of performance criteria, as determined by the Compensation Committee, the number of shares of common stock that may be received in connection with each PRPU award will range from zero to two times the target number. Unless applicable performance conditions are satisfied during the three year performance period, and the Minimum Value Condition is satisfied within five years following the grant date, all PRPUs will be forfeited, and the recipients will not be entitled to any such awards.

In addition, the performance metrics applicable to each PRPU will be evaluated on an annual basis at the end of each fiscal year during the performance period, and, if the Company has achieved a threshold level of performance with respect to the fiscal year, 25% of the target number of PRPUs will no longer be at risk of forfeiture based on the achievement of performance criteria. Profits interest participation rights are allocated income, subject to vesting and settled in cash, in respect of dividends paid on common stock.

The following is a summary of activity relating to profits interest participation rights, including PRPUs, during the six month period ended June 30, 2020:

	Profits Interest Participation Rights	Weighted Average Grant Date Fair Value
Balance, January 1, 2020	1,462,702	\$ 38.65
Granted	1,060,373	\$ 42.89
Balance, June 30, 2020 (a)	<u>2,523,075</u>	<u>\$ 40.43</u>

(a) Table includes 1,050,778 PRPUs, which represents the target number of PRPUs granted as of June 30, 2020, including 486,611 PRPUs granted during the six month period ended June 30, 2020. The weighted average grant date fair values for PRPUs and other profits interest participation rights outstanding as of January 1, 2020 and those granted during the six month period ended June 30, 2020 were, in each case, the same for PRPUs and other profits interest participation rights. The weighted average grant date fair values for PRPUs and other profits interest participation rights outstanding as of June 30, 2020 were \$40.61 and \$40.30, respectively.

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Compensation expense recognized for profits interest participation rights, including PRPUs, is determined by multiplying the number of shares of common stock underlying such awards that, based on the Company's estimate, are considered probable of vesting, by the grant date fair value. As of June 30, 2020, the total estimated unrecognized compensation expense was \$29,875, and the Company expects to amortize such expense over a weighted-average period of approximately 1.1 years subsequent to June 30, 2020.

LFI and Other Similar Deferred Compensation Arrangements

Commencing in February 2011, the Company granted LFI to eligible employees. In connection with LFI and other similar deferred compensation arrangements, which generally require future service as a condition for vesting, the Company recorded a prepaid compensation asset and a corresponding compensation liability on the grant date based upon the fair value of the award. The prepaid asset is amortized on a straight-line basis over the applicable vesting periods or requisite service periods (which are generally similar to the comparable periods for RSUs) and is charged to "compensation and benefits" expense within the Company's condensed consolidated statement of operations. LFI and similar deferred compensation arrangements that do not require future service are expensed immediately. The related compensation liability is accounted for at fair value as a derivative liability, which contemplates the impact of estimated forfeitures, and is adjusted for changes in fair value primarily related to changes in value of the underlying investments.

The following is a summary of activity relating to LFI and other similar deferred compensation arrangements during the six month period ended June 30, 2020:

	Prepaid Compensation Asset	Compensation Liability
Balance, January 1, 2020	\$ 74,597	\$ 226,026
Granted	143,289	143,289
Settled	-	(98,569)
Forfeited	(3,351)	(3,685)
Amortization	(66,037)	-
Change in fair value related to:		
Increase in fair value of underlying investments	-	4,166
Adjustment for estimated forfeitures	-	3,722
Other	142	(88)
Balance, June 30, 2020	<u>\$ 148,640</u>	<u>\$ 274,861</u>

The amortization of the prepaid compensation asset will generally be recognized over a weighted average period of approximately 1.0 years subsequent to June 30, 2020.

The following is a summary of the impact of LFI and other similar deferred compensation arrangements on "compensation and benefits" expense within the accompanying condensed consolidated statements of operations for the three month and six month periods ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Amortization, net of forfeitures	\$ 43,177	\$ 44,210	\$ 69,425	\$ 62,144
Change in the fair value of underlying investments	23,803	6,484	4,166	20,354
Total	<u>\$ 66,980</u>	<u>\$ 50,694</u>	<u>\$ 73,591</u>	<u>\$ 82,498</u>

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14. EMPLOYEE BENEFIT PLANS

The Company provides retirement and other post-retirement benefits to certain of its employees through defined benefit pension plans (the “pension plans”). The Company also offers defined contribution plans to its employees. The pension plans generally provide benefits to participants based on average levels of compensation. Expenses related to the Company’s employee benefit plans are included in “compensation and benefits” expense for the service cost component, and “operating expenses—other” for the other components of benefit costs on the condensed consolidated statements of operations.

Employer Contributions to Pension Plans—The Company’s funding policy for its U.S. and non-U.S. pension plans is to fund when required or when applicable upon an agreement with the plans’ trustees. Management also evaluates from time to time whether to make voluntary contributions to the plans.

The following table summarizes the components of net periodic benefit cost (credit) related to the Company’s pension plans for the three month and six month periods ended June 30, 2020 and 2019:

	Pension Plans	
	Three Months Ended June 30, 2020	2019
Components of Net Periodic Benefit Cost (Credit):		
Service cost	\$ 235	\$ 205
Interest cost	2,910	3,858
Expected return on plan assets	(6,435)	(6,873)
Amortization of:		
Prior service cost	27	27
Net actuarial loss (gain)	1,926	1,260
Settlement loss	588	1,739
Net periodic benefit cost (credit)	<u>\$ (749)</u>	<u>\$ 216</u>

	Pension Plans	
	Six Months Ended June 30, 2020	2019
Components of Net Periodic Benefit Cost (Credit):		
Service cost	\$ 370	\$ 412
Interest cost	5,893	7,760
Expected return on plan assets	(13,063)	(13,899)
Amortization of:		
Prior service cost	54	56
Net actuarial loss (gain)	4,132	2,541
Settlement loss	1,510	3,522
Net periodic benefit cost (credit)	<u>\$ (1,104)</u>	<u>\$ 392</u>

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15. BUSINESS REALIGNMENT

The Company conducted a review of its business, which resulted in a realignment that included employee reductions and the closing of subscale offices and investment strategies, most of which were completed during the third quarter of 2019.

Activity related to the obligations pursuant to business realignment during the six month period ended June 30, 2020 was as follows:

	Accrued Compensation and Benefits	Other Liabilities	Total
Balance, January 1, 2020	\$ 20,210	\$ 5,068	\$ 25,278
Less:			
Costs paid or otherwise settled	(17,675)	(5,068)	(22,743)
Balance, June 30, 2020	<u>\$ 2,535</u>	<u>\$ -</u>	<u>\$ 2,535</u>

16. INCOME TAXES

Lazard Ltd, through its subsidiaries, is subject to U.S. federal income taxes on all of its U.S. operating income, as well as on the portion of non-U.S. income attributable to its U.S. subsidiaries. In addition, Lazard Ltd, through its subsidiaries, is subject to state and local taxes on its income apportioned to various state and local jurisdictions. Outside the U.S., Lazard Group operates principally through subsidiary corporations that are subject to local income taxes in foreign jurisdictions. Lazard Group is also subject to Unincorporated Business Tax ("UBT") attributable to its operations apportioned to New York City.

The Company recorded income tax provisions of \$22,789 and \$48,555 for the three month and six month periods ended June 30, 2020, respectively, and \$28,172 and \$51,359 for the three month and six month periods ended June 30, 2019, respectively, representing effective tax rates of 23.8%, 27.0%, 27.7% and 23.2%, respectively. The difference between the U.S. federal statutory rate of 21.0% and the effective tax rates reflected above principally relates to (i) the tax impact of differences in the value of share based incentive compensation and other discrete items, (ii) foreign source income (loss) not subject to U.S. income taxes (including interest on intercompany financings), (iii) taxes payable to foreign jurisdictions that are not offset against U.S. income taxes, (iv) change in the U.S. federal valuation allowance affecting the provision for income taxes, (v) U.S. state and local taxes, which are incremental to the U.S. federal statutory tax rate, and (vi) impact of U.S. tax reform, including base erosion and anti-abuse tax.

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17. NET INCOME PER SHARE OF COMMON STOCK

The Company issued certain profits interest participation rights, including certain PRPUs, that the Company is required under U.S. GAAP to treat as participating securities and therefore the Company is required to utilize the “two-class” method of computing basic and diluted net income per share.

The Company’s basic and diluted net income per share calculations using the “two-class” method for the three month and six month periods ended June 30, 2020 and 2019 are presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income attributable to Lazard Ltd	\$ 73,458	\$ 65,777	\$ 137,480	\$ 162,819
Add - adjustment for earnings attributable to participating securities	(1,349)	(1,604)	(2,362)	(1,604)
Net income attributable to Lazard Ltd - basic	72,109	64,173	135,118	161,215
Add - adjustment for earnings attributable to participating securities	1,170	5	2,183	5
Net income attributable to Lazard Ltd - diluted	<u>\$ 73,279</u>	<u>\$ 64,178</u>	<u>\$ 137,301</u>	<u>\$ 161,220</u>
Weighted average number of shares of Class A common stock outstanding	104,732,667	110,076,582	104,597,422	110,847,112
Add - adjustment for shares of common stock issuable on a non-contingent basis	1,929,397	1,904,622	1,885,591	1,115,617
Weighted average number of shares of common stock outstanding - basic	106,662,064	111,981,204	106,483,013	111,962,729
Add - dilutive effect, as applicable, of:				
Weighted average number of incremental shares of common stock issuable from share-based incentive compensation	4,825,685	4,194,145	6,320,951	6,534,988
Weighted average number of shares of common stock outstanding - diluted	<u>111,487,749</u>	<u>116,175,349</u>	<u>112,803,964</u>	<u>118,497,717</u>
Net income attributable to Lazard Ltd per share of common stock:				
Basic	<u>\$ 0.68</u>	<u>\$ 0.57</u>	<u>\$ 1.27</u>	<u>\$ 1.44</u>
Diluted	<u>\$ 0.66</u>	<u>\$ 0.55</u>	<u>\$ 1.22</u>	<u>\$ 1.36</u>

18. RELATED PARTIES

Sponsored Funds

The Company serves as an investment advisor for certain affiliated investment companies and fund entities and receives management fees and, for the alternative investment funds, performance-based incentive fees for providing such services. Investment advisory fees relating to such services were \$118,573 and \$254,528 for the three month and six month periods ended June 30, 2020, respectively, and \$153,198 and \$297,368 for the three month and six month periods ended June 30, 2019, respectively, and are included in “asset management fees” on the condensed consolidated statements of operations. Of such amounts, \$49,189 and \$54,561 remained as receivables at June 30, 2020 and December 31, 2019, respectively, and are included in “fees receivable” on the condensed consolidated statements of financial condition.

Tax Receivable Agreement

The Second Amended and Restated Tax Receivable Agreement, dated as of October 26, 2015 (the “Amended and Restated Tax Receivable Agreement”), between Lazard and LTBP Trust, a Delaware statutory trust (the “Trust”), provides for the payment by our subsidiaries to the Trust of (i) approximately 45% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of certain increases in tax basis and of certain other tax benefits related to the Amended and Restated Tax Receivable Agreement, and (ii) an amount that we currently expect will approximate 85% of the cash tax

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savings that may arise from tax benefits attributable to payments under the Amended and Restated Tax Receivable Agreement. Our subsidiaries expect to benefit from the balance of cash savings, if any, in income tax that our subsidiaries realize. Any amount paid by our subsidiaries to the Trust will generally be distributed to the owners of the Trust, who include certain of our executive officers, in proportion to their beneficial interests in the Trust.

For purposes of the Amended and Restated Tax Receivable Agreement, cash savings in income and franchise tax will be computed by comparing our subsidiaries' actual income and franchise tax liability to the amount of such taxes that our subsidiaries would have been required to pay had there been no increase in the tax basis of certain tangible and intangible assets of Lazard Group attributable to our subsidiaries' interest in Lazard Group and had our subsidiaries not entered into the Amended and Restated Tax Receivable Agreement. The term of the Amended and Restated Tax Receivable Agreement will continue until approximately 2033 or, if earlier, until all relevant tax benefits have been utilized or expired.

The amount of the Amended and Restated Tax Receivable Agreement liability is an undiscounted amount based upon currently enacted tax laws, including the Tax Act, the current structure of the Company and various assumptions regarding potential future operating profitability. The assumptions reflected in the estimate involve significant judgment. For example, if our structure were to change or our annual taxable income were to increase, we could be required to accelerate payments under the Amended and Restated Tax Receivable Agreement. As such, the actual amount and timing of payments under the Amended and Restated Tax Receivable Agreement could differ materially from our estimates. Any changes in the amount of the estimated liability would be recorded as a non-compensation expense in the condensed consolidated statement of operations. Adjustments, if necessary, to the related deferred tax assets would be recorded through the "provision (benefit) for income taxes".

The cumulative liability relating to our obligations under the Amended and Restated Tax Receivable Agreement as of June 30, 2020 and December 31, 2019 was \$221,890 and \$247,344, respectively, and is recorded in "tax receivable agreement obligation" on the condensed consolidated statements of financial condition. The balance at June 30, 2020 reflects a payment made under the Amended and Restated Tax Receivable Agreement in the six months ended June 30, 2020 of \$25,454.

See Note 12 for information regarding related party transactions pertaining to shares repurchased from certain of our executive officers.

19. REGULATORY AUTHORITIES

LFNY is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Under the basic method permitted by this rule, the minimum required net capital, as defined, is a specified fixed percentage (6 ²/₃%) of total aggregate indebtedness recorded in LFNY's Financial and Operational Combined Uniform Single ("FOCUS") report filed with the Financial Industry Regulatory Authority ("FINRA"), or \$5, whichever is greater. In addition, the ratio of aggregate indebtedness (as defined) to net capital may not exceed 15:1. At June 30, 2020, LFNY's regulatory net capital was \$54,589, which exceeded the minimum requirement by \$49,893. LFNY's aggregate indebtedness to net capital ratio was 1.29:1 as of June 30, 2020.

Certain U.K. subsidiaries of the Company, including LCL, Lazard Fund Managers Limited and Lazard Asset Management Limited (collectively, the "U.K. Subsidiaries") are regulated by the Financial Conduct Authority. At June 30, 2020, the aggregate regulatory net capital of the U.K. Subsidiaries was \$154,476, which exceeded the minimum requirement by \$137,981.

CFLF, under which asset management and commercial banking activities are carried out in France, is subject to regulation by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") for its banking activities conducted through its subsidiary, LFB. LFB, as a registered bank, is engaged primarily in commercial and private banking services for clients and funds managed by LFG (asset management) and other clients, and asset-liability management. The investment services activities of the Paris group, exercised through LFB and other subsidiaries of CFLF, primarily LFG, also are subject to regulation and supervision by the Autorité des Marchés Financiers. At June 30, 2020, the consolidated regulatory net capital of CFLF was \$134,909, which exceeded the minimum requirement set for regulatory capital levels by \$78,438. In addition, pursuant to the consolidated supervision rules in the European Union, LFB, in particular, as a French credit institution, is required to be supervised by a regulatory body, either in the U.S. or in the European Union. During the third quarter of 2013, the Company and the ACPR agreed on terms for the consolidated supervision of LFB and certain other non-Financial Advisory European subsidiaries of the Company (referred to herein, on a combined basis, as the "combined European regulated group") under such rules. Under this supervision, the combined European regulated group is required to comply with minimum requirements for regulatory net capital to be reported on a quarterly basis and satisfy periodic financial and

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other reporting obligations. At March 31, 2020, the regulatory net capital of the combined European regulated group was \$177,590, which exceeded the minimum requirement set for regulatory capital levels by \$73,477. Additionally, the combined European regulated group, together with our European Financial Advisory entities, is required to perform an annual risk assessment and provide certain other information on a periodic basis, including financial reports and information relating to financial performance, balance sheet data and capital structure.

Certain other U.S. and non-U.S. subsidiaries are subject to various capital adequacy requirements promulgated by various regulatory and exchange authorities in the countries in which they operate. At June 30, 2020, for those subsidiaries with regulatory capital requirements, their aggregate net capital was \$159,190, which exceeded the minimum required capital by \$132,498.

At June 30, 2020, each of these subsidiaries individually was in compliance with its regulatory capital requirements.

Any new or expanded rules and regulations that may be adopted in countries in which we operate (including regulations that have not yet been proposed) could affect us in other ways.

20. SEGMENT INFORMATION

The Company's reportable segments offer different products and services and are managed separately as different levels and types of expertise are required to effectively manage the segments' transactions. Each segment is reviewed to determine the allocation of resources and to assess its performance. The Company's principal operating activities are included in its Financial Advisory and Asset Management business segments as described in Note 1. In addition, as described in Note 1, the Company records selected other activities in its Corporate segment.

The Company's segment information for the three month and six month periods ended June 30, 2020 and 2019 is prepared using the following methodology:

- Revenue and expenses directly associated with each segment are included in determining operating income.
- Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount, square footage and other factors.
- Segment assets are based on those directly associated with each segment, and include an allocation of certain assets relating to various segments, based on the most relevant measures applicable, including headcount, square footage and other factors.

The Company records other revenue, interest income and interest expense among the various segments based on the segment in which the underlying asset or liability is reported.

Each segment's operating expenses include (i) compensation and benefits expenses incurred directly in support of the businesses and (ii) other operating expenses, which include directly incurred expenses for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services and indirect support costs (including compensation and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, human resources, legal, facilities management and senior management activities.

LAZARD LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

Management evaluates segment results based on net revenue and operating income (loss) and believes that the following information provides a reasonable representation of each segment's contribution with respect to net revenue, operating income (loss) and total assets:

		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2020	2019	2020	2019
Financial Advisory	Net Revenue	\$ 304,806	\$ 329,612	\$ 603,772	\$ 667,982
	Operating Expenses	251,015	276,238	497,862	556,499
	Operating Income	\$ 53,791	\$ 53,374	\$ 105,910	\$ 111,483
Asset Management	Net Revenue	\$ 254,849	\$ 315,591	\$ 537,370	\$ 617,424
	Operating Expenses	195,049	219,021	399,818	426,369
	Operating Income	\$ 59,800	\$ 96,570	\$ 137,552	\$ 191,055
Corporate	Net Revenue	\$ 12,637	\$ (14,513)	\$ (30,836)	\$ (11,042)
	Operating Expenses	30,363	33,746	32,664	70,148
	Operating Loss	\$ (17,726)	\$ (48,259)	\$ (63,500)	\$ (81,190)
Total	Net Revenue	\$ 572,292	\$ 630,690	\$ 1,110,306	\$ 1,274,364
	Operating Expenses	476,427	529,005	930,344	1,053,016
	Operating Income	<u>\$ 95,865</u>	<u>\$ 101,685</u>	<u>\$ 179,962</u>	<u>\$ 221,348</u>

	As Of	
	June 30, 2020	December 31, 2019
Total Assets		
Financial Advisory	\$ 1,141,965	\$ 1,144,339
Asset Management	781,683	821,641
Corporate	3,388,470	3,673,601
Total	<u>\$ 5,312,118</u>	<u>\$ 5,639,581</u>

LAZARD LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

21. CONSOLIDATED VIEs

The Company's consolidated VIEs as of June 30, 2020 and December 31, 2019 include certain funds that were established for the benefit of employees participating in the Company's existing LFI deferred compensation arrangement. Lazard invests in these funds and is the investment manager and is therefore deemed to have both the power to direct the most significant activities of the funds and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to these funds. The Company's consolidated VIE assets and liabilities as reflected in the condensed consolidated statements of financial condition consist of the following at June 30, 2020 and December 31, 2019:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,876	\$ 3,826
Customers and other receivables	424	102
Investments (a)	152,481	97,474
Other assets	472	245
Total Assets	<u>\$ 157,253</u>	<u>\$ 101,647</u>
LIABILITIES		
Deposits and other customer payables	\$ 236	\$ 62
Other liabilities	679	513
Total Liabilities	<u>\$ 915</u>	<u>\$ 575</u>

(a) Includes \$120,572 and \$83,036 of LFI held by Lazard Group which is eliminated in the condensed consolidated statements of financial condition as of June 30, 2020 and December 31, 2019, respectively.

22. COVID-19

On March 11, 2020, the World Health Organization declared the coronavirus ("COVID-19") a pandemic. In response, on March 27, 2020 the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law, and the United States Congress continues to discuss additional stimulus measures. Several governments in jurisdictions that encompass the Company's largest offices and most significant operations implemented extended strict social distancing measures in the first quarter of 2020, and those strict social distancing measures remain in place in a number of such jurisdictions. In response, the Company implemented remote work arrangements for its employees and restricted business travel. These arrangements have not materially affected our ability to maintain and conduct our business operations, including the operation of financial reporting systems, internal controls over financial reporting and disclosure controls and procedures. While the COVID-19 pandemic has adversely affected the global economy, the nature and extent of COVID-19's effect on the Company's operational and financial performance will depend on future developments, including the course of the pandemic, the success of governments in continuing to relax social distancing measures and restarting economic activity, the efficacy of monetary and fiscal measures taken or that may be taken in the future and the potential for structural damage to the economy due to the sharp drop in aggregate demand and, particularly in the U.S., a high level of unemployment, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Lazard Ltd's condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q (the "Form 10-Q"), as well as Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included in our Annual Report on Form 10-K for the year ended December 31, 2019 (the "Form 10-K"). All references to "2020," "2019," "second quarter," "first half" or "the period" refer to, as the context requires, the three month and six month periods ended June 30, 2020 and June 30, 2019.

Forward-Looking Statements and Certain Factors that May Affect Our Business

Management has included in Parts I and II of this Form 10-Q, including in its MD&A, statements that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "target," "goal" or "continue," and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies, business plans and initiatives and anticipated trends in our business. These statements, including with respect to the current COVID-19 pandemic, are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. These factors include, but are not limited to, those discussed in our Form 10-K under the caption "Risk Factors," including the following:

- a decline in general economic conditions or the global or regional financial markets;
- a decline in our revenues, for example due to a decline in overall mergers and acquisitions ("M&A") activity, our share of the M&A market or our assets under management ("AUM");
- losses caused by financial or other problems experienced by third parties;
- losses due to unidentified or unanticipated risks;
- a lack of liquidity, *i.e.*, ready access to funds, for use in our businesses; and
- competitive pressure on our businesses and on our ability to retain and attract employees at current compensation levels.

These risks and uncertainties are not exhaustive. Other sections of the Form 10-K and this Form 10-Q describe additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about:

- financial goals, including ratios of compensation and benefits expense to operating revenue;
- ability to deploy surplus cash through dividends, share repurchases and debt repurchases;
- ability to offset stockholder dilution through share repurchases;
- possible or assumed future results of operations and operating cash flows;
- strategies and investment policies;
- financing plans and the availability of short-term borrowing;
- competitive position;
- future acquisitions, including the consideration to be paid and the timing of consummation;
- potential growth opportunities available to our businesses;

- potential impact of investments in our technology infrastructure and data science capabilities;
- recruitment and retention of our managing directors and employees;
- potential levels of compensation expense, including awarded compensation and benefits expense and adjusted compensation and benefits expense, and non-compensation expense;
- potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;
- likelihood of success and impact of litigation;
- expected tax rates, including effective tax rates;
- changes in interest and tax rates;
- availability of certain tax benefits, including certain potential deductions;
- potential impact of certain events or circumstances on our financial statements and operations, including the current COVID-19 pandemic;
- changes in foreign currency exchange rates;
- expectations with respect to the economy, the securities markets, the market for mergers, acquisitions, restructuring and other financial advisory activity, the market for asset management activity and other macroeconomic, regional and industry trends;
- effects of competition on our business; and
- impact of new or future legislation and regulation, including tax laws and regulations, on our business.

The Company is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, the Company uses its website, its twitter account (twitter.com/Lazard) and other social media sites to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information, and the posting of updates of AUM in our Asset Management business. Investors can link to Lazard Ltd, Lazard Group and their operating company websites through <http://www.lazard.com>. Our websites and social media sites and the information contained therein or connected thereto shall not be deemed to be incorporated into this Form 10-Q.

Business Summary

Lazard is one of the world's preeminent financial advisory and asset management firms. We have long specialized in crafting solutions to the complex financial and strategic challenges of a diverse set of clients around the world, including corporations, governments, institutions, partnerships and individuals. Founded in 1848 in New Orleans, we currently operate from more than 40 cities and 25 countries across key business and financial centers in North America, Europe, Asia, Australia, and Central and South America.

Our primary business purpose is to serve our clients. Our deep roots in business centers around the world form a global network of relationships with key decision-makers in corporations, governments and investing institutions. This network is both a competitive strength and a powerful resource for Lazard and our clients. As a firm that competes on the quality of our advice, we have two fundamental assets: our people and our reputation.

We operate in cyclical businesses across multiple geographies, industries and asset classes. In recent years, we have expanded our geographic reach, bolstered our industry expertise and continued to build in growth areas. Companies, government bodies and investors seek independent advice with a geographic perspective, deep understanding of capital structure, informed research and knowledge of global, regional and local economic conditions. We believe that our business model as an independent advisor will continue to create opportunities for us to attract new clients and key personnel.

Our principal sources of revenue are derived from activities in the following business segments:

- Financial Advisory, which offers corporate, partnership, institutional, government, sovereign and individual clients across the globe a wide array of financial advisory services regarding M&A, capital advisory, restructurings, shareholder advisory, sovereign advisory, capital raising and other strategic advisory matters, and
- Asset Management, which offers a broad range of global investment solutions and investment management services in equity and fixed income strategies, asset allocation strategies, alternative investments and private equity funds to corporations, public funds, sovereign entities, endowments and foundations, labor funds, financial intermediaries and private clients.

In addition, we record selected other activities in our Corporate segment, including management of cash, investments, deferred tax assets, outstanding indebtedness, certain contingent obligations, and assets and liabilities associated with Lazard Group’s Paris-based subsidiary, Lazard Frères Banque SA (“LFB”).

Our consolidated net revenue was derived from the following segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Financial Advisory	53%	52%	54%	52%
Asset Management	45	50	48	48
Corporate	2	(2)	(2)	-
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

We also invest our own capital from time to time, generally alongside capital of qualified institutional and individual investors in alternative investments or private equity investments, and, since 2005, we have engaged in a number of alternative investments and private equity activities, including, historically, investments through (i) Edgewater, our Chicago-based private equity firm and (ii) a fund targeting significant noncontrolling-stake investments in established private companies. We also make investments to seed our Asset Management strategies.

Business Environment and Outlook

Economic and global financial market conditions can materially affect our financial performance. As described above, our principal sources of revenue are derived from activities in our Financial Advisory and Asset Management business segments. As our Financial Advisory revenues are primarily dependent on the successful completion of merger, acquisition, restructuring, capital raising or similar transactions, and our Asset Management revenues are primarily driven by the levels of AUM, weak economic and global financial market conditions can result in a challenging business environment for M&A and capital-raising activity as well as our Asset Management business, but may provide opportunities for our restructuring business.

During the second quarter of 2020, the coronavirus (“COVID-19”) pandemic continued to have a negative impact on economic activity around the world. Governments and central banks have taken extraordinary measures to support local economies and capital markets, but the macroeconomic outlook remains uncertain while significant health risks persist.

Lazard’s offices around the world have continued to operate in the context of applicable local regulations and guidelines regarding business activity, and in the second quarter of 2020, the majority of our employees worked from home, employing virtual and secure cloud-based systems to continue communicating, collaborating and conducting client business.

We continue to expect a challenging environment in the near-term due to elevated uncertainty, capital markets volatility and a downturn in global M&A activity.

Our outlook with respect to our Financial Advisory and Asset Management businesses is described below.

- **Financial Advisory**—During this period of financial stress and uncertainty, we are focused on serving clients with our depth of expertise in capital structure, capital raising, debt negotiations and restructuring and exchange offers. We expect that the volume and timing of new M&A transactions will be severely impacted in the near term. We are seeing increased activity in our restructuring, capital advisory and sovereign advisory practices, however, the increased activity in these areas may not fully offset the anticipated decline in M&A activity in the near term, though we expect to see an increase in M&A activity as the year progresses. The global scale and breadth of our Financial Advisory business allows us to advise on a wide range of strategic and restructuring transactions across a variety of industries. In addition, we continue to invest in our Financial

Advisory business by selectively hiring talented senior professionals and continuing to focus on our M&A, restructuring and other advisory services.

- **Asset Management**—In the short to intermediate term, we normally would expect most investor demand to come through financial institutions, and from defined benefit and defined contribution plans in developed economies because of their sheer scope and size. However, the current volatility in the capital markets and the uncertainties arising from the COVID-19 pandemic may negatively impact our business in a manner that we cannot predict. Over the longer term, and depending upon local and global market conditions, we would expect an increasing share of our AUM to come from the developing economies around the globe, as their retirement systems evolve and individual wealth is increasingly deployed in the financial markets. Given our diversified investment platform and our ability to provide investment solutions for a global mix of clients, we believe we are positioned to benefit from opportunities across the asset management industry despite the current challenges that markets have created for that industry. We are continually developing new investment strategies that extend our existing platforms and assessing potential product acquisitions or other inorganic growth opportunities. Among other efforts, we have been particularly focused on continuing to incorporate environmental, social and corporate governance (“ESG”) considerations, as appropriate, into our investment research and launching strategies that use ESG factors to drive long-term investment returns. In addition to these new ESG and sustainable strategies, recent examples of growth initiatives include the following: various Quantitative Equity strategies, explainable AI capabilities, and several U.S. Systematic Equity strategies.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge continuously, and it is not possible for our management to predict all risks and uncertainties, nor can we assess the impact of all potentially applicable factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. See Item 1A, “Risk Factors” in this Form 10-Q and our Form 10-K. Furthermore, net income and revenue in any period may not be indicative of full-year results or the results of any other period and may vary significantly from year to year and quarter to quarter.

Overall, we continue to focus on the development of our business, including the generation of stable revenue growth, earnings growth and shareholder returns, the evaluation of potential growth opportunities, the investment in new technology to support the development of existing and new business opportunities, the prudent management of our costs and expenses, the efficient use of our assets and the return of capital to our shareholders.

Certain market data with respect to our Financial Advisory and Asset Management businesses is included below.

Financial Advisory

As reflected in the following table, which sets forth global M&A industry statistics, the value and number of all completed transactions, including the subset of completed transactions involving values greater than \$500 million, decreased in the first half of 2020 as compared to 2019. With respect to announced M&A transactions, the value and number of all transactions, including the subset of announced transactions involving values greater than \$500 million, decreased in the first half of 2020 as compared to 2019.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Incr / (Decr)	2020	2019	% Incr / (Decr)
(\$ in billions)						
Completed M&A Transactions:						
All deals:						
Value	\$ 839	\$ 845	(1)%	\$ 1,517	\$ 1,784	(15)%
Number	6,414	9,222	(30)%	14,785	17,952	(18)%
Deals Greater than \$500 million:						
Value	\$ 700	\$ 627	12%	\$ 1,203	\$ 1,361	(12)%
Number	193	264	(27)%	445	556	(20)%
Announced M&A Transactions:						
All deals:						
Value	\$ 450	\$ 1,111	(59)%	\$ 1,124	\$ 2,186	(49)%
Number	6,720	9,291	(28)%	15,234	18,030	(16)%
Deals Greater than \$500 million:						
Value	\$ 293	\$ 885	(67)%	\$ 787	\$ 1,762	(55)%
Number	157	324	(52)%	378	574	(34)%

Source: Dealogic as of July 6, 2020.

Global restructuring activity during the first half of 2020, as measured by the number of corporate defaults, increased as compared to the first half of 2019. The number of defaulting issuers was 111 in the first half of 2020 according to Moody's Investors Service, Inc, as compared to 46 in the first half of 2019.

Net revenue trends in Financial Advisory are generally correlated to the level of completed industry-wide M&A transactions and restructuring transactions occurring subsequent to corporate debt defaults, respectively. However, deviations from this relationship can occur in any given year for a number of reasons. For instance, our results can diverge from industry-wide activity where there are material variances from the level of industry-wide M&A activity in a particular market where Lazard has significant market share, or regarding the relative number of our advisory engagements with respect to larger-sized transactions, and where we are involved in non-public or sovereign advisory assignments.

Asset Management

Equity market indices for major markets at June 30, 2020 generally decreased as compared to such indices at December 31, 2019 and generally increased as compared to such indices at March 31, 2020. The percentage change in major equity market indices at June 30, 2020, as compared to such indices at March 31, 2020, December 31, 2019 and at June 30, 2019, is shown in the table below.

	Percentage Changes June 30, 2020 vs.		
	March 31, 2020	December 31, 2019	June 30, 2019
MSCI World Index	20%	(5)%	3%
Euro Stoxx	18%	(12)%	(4)%
MSCI Emerging Market	18%	(10)%	(3)%
S&P 500	21%	(3)%	8%

The fees that we receive for providing investment management and advisory services are primarily driven by the level of AUM and the nature of the AUM product mix. Accordingly, market movements, foreign currency exchange rate volatility and changes in our AUM product mix will impact the level of revenues we receive from our Asset Management business when comparing periodic results. A substantial portion of our AUM is invested in equities. Movements in AUM during the period generally reflect the changes in equity market indices.

Financial Statement Overview

Net Revenue

The majority of Lazard's Financial Advisory net revenue historically has been earned from the successful completion of M&A transactions, capital advisory services, capital raising, restructuring, shareholder advisory, sovereign advisory and other strategic advisory matters. The main drivers of Financial Advisory net revenue are overall M&A activity, the level of corporate debt defaults and the environment for capital raising activities, particularly in the industries and geographic markets in which Lazard focuses. In some client engagements, often those involving financially distressed companies, revenue is earned in the form of retainers and similar fees that are contractually agreed upon with each client for each assignment and are not necessarily linked to the completion of a transaction. In addition, Lazard also earns fees from providing strategic advice to clients, with such fees not being dependent on a specific transaction, and may also earn fees in connection with public and private securities offerings. Significant fluctuations in Financial Advisory net revenue can occur over the course of any given year, because a significant portion of such net revenue is earned upon the successful completion of a transaction, restructuring or capital raising activity, the timing of which is uncertain and is not subject to Lazard's control.

Lazard's Asset Management segment principally includes Lazard Asset Management LLC (together with its subsidiaries, "LAM"), Lazard Frères Gestion SAS ("LFG") and Edgewater. Asset Management net revenue is derived from fees for investment management and advisory services provided to clients. As noted above, the main driver of Asset Management net revenue is the level and product mix of AUM, which is generally influenced by the performance of the global equity markets and, to a lesser extent, fixed income markets as well as Lazard's investment performance, which impacts its ability to successfully attract and retain assets. As a result, fluctuations (including timing thereof) in financial markets and client asset inflows and outflows have a direct effect on Asset Management net revenue and operating income. Asset Management fees are generally based on the level of AUM measured daily, monthly or quarterly, and an increase or reduction in AUM, due to market price fluctuations, currency fluctuations, changes in product mix, or net client asset flows will result in a corresponding increase or decrease in management fees. The majority of our investment advisory contracts are generally terminable at any time or on notice of 30 days or less. Institutional and individual clients, and firms with which we have strategic alliances, can terminate their relationship with us, reduce the aggregate amount of AUM or shift their funds to other types of accounts with different rate structures for a number of reasons, including investment performance, changes in prevailing interest rates and financial market performance. In addition, as Lazard's AUM includes significant amounts of assets that are denominated in currencies other than U.S. Dollars, changes in the value of the U.S. Dollar relative to foreign currencies will impact the value of Lazard's AUM and the overall amount of management fees generated by the AUM. Fees vary with the type of assets managed and the vehicle in which they are managed, with higher fees earned on equity assets and alternative investment funds, such as hedge funds and private equity funds, and lower fees earned on fixed income and cash management products.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds, such as hedge funds and private equity funds.

For hedge funds, incentive fees are calculated based on a specified percentage of a fund's net appreciation, in some cases in excess of established benchmarks or thresholds. The Company records incentive fees on traditional products and hedge funds at the end of the relevant performance measurement period, when potential uncertainties regarding the ultimate realizable amounts have been determined. The incentive fee measurement period is generally an annual period (unless an account terminates or redemption occurs during the year). The incentive fees received at the end of the measurement period are not subject to reversal or payback. Incentive fees on hedge funds are often subject to loss carryforward provisions in which losses incurred by the hedge funds in any year are applied against certain gains realized by the hedge funds in future periods before any incentive fees can be earned.

For private equity funds, incentive fees may be earned in the form of a "carried interest" if profits arising from realized investments exceed a specified threshold. Typically, such carried interest is ultimately calculated on a whole-fund basis and, therefore, clawback of carried interest during the life of the fund can occur. As a result, incentive fees earned on our private equity funds are not recognized until potential uncertainties regarding the ultimate realizable amounts have been determined, including any potential for clawback.

Corporate segment net revenue consists primarily of investment gains and losses on the Company's "seed investments" related to our Asset Management business and principal investments in private equity funds, net of hedging activities, as well as gains and

losses on investments held in connection with Lazard Fund Interests (“LFI”) and interest income and interest expense. Corporate net revenue also can fluctuate due to changes in the fair value of debt and equity securities, as well as due to changes in interest and currency exchange rates and in the levels of cash, investments and indebtedness.

Corporate segment total assets represented 64% of Lazard’s consolidated total assets as of June 30, 2020, which are attributable to cash and cash equivalents, investments in debt and equity securities, interests in alternative investment, debt, equity and private equity funds, deferred tax assets and certain assets associated with LFB.

Operating Expenses

The majority of Lazard’s operating expenses relate to compensation and benefits for managing directors and employees. Our compensation and benefits expense includes (i) salaries and benefits, (ii) amortization of the relevant portion of previously granted deferred incentive compensation awards, including (a) share-based incentive compensation under the Lazard Ltd 2018 Incentive Compensation Plan (the “2018 Plan”) and the Lazard Ltd 2008 Incentive Compensation Plan (the “2008 Plan”) and (b) LFI and other similar deferred compensation arrangements (see Note 13 of Notes to Condensed Consolidated Financial Statements), (iii) a provision for discretionary or guaranteed cash bonuses and profit pools and (iv) when applicable, severance payments. Compensation expense in any given period is dependent on many factors, including general economic and market conditions, our actual and forecasted operating and financial performance, staffing levels, estimated forfeiture rates, competitive pay conditions and the nature of revenues earned, as well as the mix between current and deferred compensation.

For interim periods, we use “adjusted compensation and benefits expense” and the ratio of “adjusted compensation and benefits expense” to “operating revenue,” both non-GAAP measures, for comparison of compensation and benefits expense between periods. For the reconciliations and calculations with respect to “adjusted compensation and benefits expense” and related ratios to “operating revenue,” see the table under “Consolidated Results of Operations” below.

We believe that “awarded compensation and benefits expense” and the ratio of “awarded compensation and benefits expense” to “operating revenue,” both non-GAAP measures, when presented in conjunction with U.S. GAAP measures are appropriate measures to assess the annual cost of compensation and provide a meaningful and useful basis for comparison of compensation and benefits expense between present, historical and future years. “Awarded compensation and benefits expense” for a given year is calculated using “adjusted compensation and benefits expense,” also a non-GAAP measure, as modified by the following items:

- we deduct amortization expense recorded for accounting principles generally accepted in the United States of America (“U.S. GAAP”) purposes in the fiscal year associated with deferred incentive compensation awards;
- we add incentive compensation with respect to the fiscal year, which is comprised of:
 - (i) the deferred incentive compensation awards granted in the year-end compensation process with respect to the fiscal year (*e.g.*, deferred incentive compensation awards granted in 2020 related to the 2019 year-end compensation process), including performance-based restricted stock unit (“PRSU”) and performance-based restricted participation unit (“PRPU”) awards (based on the target payout level);
 - (ii) the portion of investments in people (*e.g.*, “sign-on” bonuses or retention awards) and other special deferred incentive compensation awards that is applicable to the fiscal year the award becomes effective; and
 - (iii) amounts in excess of the target payout level for PRSU and PRPU awards at the end of their respective performance periods; and
- we reduce the amounts in (i), (ii) and (iii) above by an estimate of future forfeitures with respect to such awards.

Compensation and benefits expense is the largest component of our operating expenses. We seek to maintain discipline with respect to compensation, including the rate at which we award deferred compensation. Our goal is to maintain a ratio of awarded compensation and benefits expense to operating revenue and a ratio of adjusted compensation and benefits expense to operating revenue over the cycle in the mid- to high-50s percentage range. While we have implemented policies and initiatives that we believe will assist us in maintaining ratios within this range, there can be no guarantee that we will continue to maintain such ratios, or that our policies or initiatives will not change, in the future. We may benefit from pressure on compensation costs within the financial services industry in future periods; however, increased competition for senior professionals, changes in the macroeconomic environment or the financial markets generally, lower operating revenue resulting from, for example, a decrease in M&A activity, our share of the M&A market or our AUM levels, changes in the mix of revenues from our businesses, investments in our businesses or various other factors could prevent us from achieving this goal.

Our operating expenses also include “non-compensation expense”, which includes costs for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced

services and other expenses. Our occupancy costs represent a significant portion of our aggregate operating expenses and are subject to change from time to time, particularly as leases for real property expire and are renewed or replaced with new, long-term leases for the same or other real property.

We believe that “adjusted non-compensation expense”, a non-GAAP measure, when presented in conjunction with U.S. GAAP measures provides a meaningful and useful basis for our investors to assess our operating results. For calculations with respect to “adjusted non-compensation expense”, see the table under “Consolidated Results of Operations” below.

Our operating expenses also include “amortization and other acquisition-related costs” which includes in 2019 the change in fair value of the contingent consideration associated with business acquisitions.

Provision for Income Taxes

Lazard Ltd, through its subsidiaries, is subject to U.S. federal income taxes on all of its U.S. operating income, as well as on the portion of non-U.S. income attributable to its U.S. subsidiaries. In addition, Lazard Ltd, through its subsidiaries, is subject to state and local taxes on its income apportioned to various state and local jurisdictions. Outside the U.S., Lazard Group operates principally through subsidiary corporations that are subject to local income taxes in foreign jurisdictions. Lazard Group is also subject to Unincorporated Business Tax (“UBT”) attributable to its operations apportioned to New York City.

See “Critical Accounting Policies and Estimates—Income Taxes” below and Notes 16 and 18 of Notes to Condensed Consolidated Financial Statements for additional information regarding income taxes, our deferred tax assets and the tax receivable agreement obligation.

Noncontrolling Interests

Noncontrolling interests primarily consist of amounts related to Edgewater’s management vehicles that the Company is deemed to control but not own, profits interest participation rights and consolidated VIE interests held by employees. See Notes 12 and 21 of Notes to Condensed Consolidated Financial Statements for information regarding the Company’s noncontrolling interests and consolidated VIEs.

Consolidated Results of Operations

Lazard’s condensed consolidated financial statements are presented in U.S. Dollars. Many of our non-U.S. subsidiaries have a functional currency (*i.e.*, the currency in which operational activities are primarily conducted) that is other than the U.S. Dollar, generally the currency of the country in which the subsidiaries are domiciled. Such subsidiaries’ assets and liabilities are translated into U.S. Dollars using exchange rates as of the respective balance sheet date, while revenue and expenses are translated at average exchange rates during the respective periods based on the daily closing exchange rates. Adjustments that result from translating amounts from a subsidiary’s functional currency are reported as a component of stockholders’ equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included in the condensed consolidated statements of operations.

A portion of our net revenue is derived from transactions that are denominated in currencies other than the U.S. Dollar. Net revenue for the three month and six month periods ended June 30, 2020 was negatively impacted by exchange rate movements in comparison to the relevant prior year period. The majority of the impact to net revenue was offset by the impact of the exchange rate movements on our operating expenses during the periods denominated in currencies other than the U.S. Dollar.

The condensed consolidated financial statements are prepared in conformity with U.S. GAAP. Selected financial data derived from the Company's reported condensed consolidated results of operations is set forth below, followed by a more detailed discussion of both the consolidated and business segment results.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Net Revenue	\$ 572,292	\$ 630,690	\$ 1,110,306	\$ 1,274,364
Operating Expenses:				
Compensation and benefits	351,568	372,470	671,323	744,724
Non-compensation	124,404	151,493	258,120	299,780
Amortization and other acquisition-related costs	455	5,042	901	8,512
Total operating expenses	476,427	529,005	930,344	1,053,016
Operating Income	95,865	101,685	179,962	221,348
Provision for income taxes	22,789	28,172	48,555	51,359
Net Income	73,076	73,513	131,407	169,989
Less - Net Income (Loss) Attributable to Noncontrolling Interests	(382)	7,736	(6,073)	7,170
Net Income Attributable to Lazard Ltd	<u>\$ 73,458</u>	<u>\$ 65,777</u>	<u>\$ 137,480</u>	<u>\$ 162,819</u>
Operating Income, as a % of net revenue	<u>16.8%</u>	<u>16.1%</u>	<u>16.2%</u>	<u>17.4%</u>

The tables below describe the components of operating revenue, adjusted compensation and benefits expense, adjusted non-compensation expense, earnings from operations and related key ratios, which are non-GAAP measures used by the Company to manage its business. We believe such non-GAAP measures in conjunction with U.S. GAAP measures provide a meaningful and useful basis for comparison between present, historical and future periods, as described above.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Operating Revenue:				
Net revenue	\$ 572,292	\$ 630,690	\$ 1,110,306	\$ 1,274,364
Adjustments:				
Interest expense (a)	18,534	18,722	37,306	35,511
Distribution fees, reimbursable deal costs and bad debt expense (b)	(21,936)	(13,357)	(38,320)	(37,689)
(Revenue) loss related to noncontrolling interests (c)	(2,173)	(11,819)	599	(14,090)
(Gains) losses on investments pertaining to LFI (d)	(23,803)	(6,484)	(4,166)	(20,354)
Private equity investment (e)	-	11,948	-	11,948
Operating revenue	<u>\$ 542,914</u>	<u>\$ 629,700</u>	<u>\$ 1,105,725</u>	<u>\$ 1,249,690</u>

- (a) Interest expense (excluding interest expense incurred by LFB) is added back in determining operating revenue because such expense relates to corporate financing activities and is not considered to be a cost directly related to the revenue of our business.
- (b) Represents certain distribution fees, reimbursable deal costs paid to third parties and bad debt expense relating to fees that are deemed uncollectible for which an equal amount is excluded for purposes of determining adjusted non-compensation expense.
- (c) Revenue or loss related to the consolidation of noncontrolling interests is excluded from operating revenue because the Company has no economic interest in such amount.
- (d) Represents changes in the fair value of investments held in connection with LFI and other similar deferred compensation arrangements for which a corresponding equal amount is excluded from compensation and benefits expense.
- (e) Represents the write-down of a private equity investment to its potential transaction value.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(\$ in thousands)				
Adjusted Compensation and Benefits Expense:				
Total compensation and benefits expense	\$ 351,568	\$ 372,470	\$ 671,323	\$ 744,724
Adjustments:				
Noncontrolling interests (a)	(2,016)	(3,908)	(3,722)	(5,798)
(Charges) credits pertaining to LFI (b)	(23,803)	(6,484)	(4,166)	(20,354)
Adjusted compensation and benefits expense	<u>\$ 325,749</u>	<u>\$ 362,078</u>	<u>\$ 663,435</u>	<u>\$ 718,572</u>
Adjusted compensation and benefits expense, as a % of operating revenue	<u>60.0%</u>	<u>57.5%</u>	<u>60.0%</u>	<u>57.5%</u>

- (a) Expenses related to the consolidation of noncontrolling interests are excluded because Lazard has no economic interest in such amounts.
- (b) Represents changes in fair value of the compensation liability recorded in connection with LFI and other similar deferred incentive compensation awards for which a corresponding equal amount is excluded from operating revenue.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(\$ in thousands)				
Adjusted Non-Compensation Expense:				
Total non-compensation expense	\$ 124,404	\$ 151,493	\$ 258,120	\$ 299,780
Adjustments:				
Expenses associated with ERP system implementation (a)	-	(7,626)	-	(10,831)
Expenses relating to office space reorganization (b)	(2,487)	-	(6,151)	-
Distribution fees, reimbursable deal costs and bad debt expense (c)	(21,936)	(13,357)	(38,320)	(37,689)
Charges pertaining to senior debt refinancing (d)	-	(2,262)	-	(6,505)
Noncontrolling interests (e)	(364)	(234)	(1,400)	(1,004)
Adjusted non-compensation expense	<u>\$ 99,617</u>	<u>\$ 128,014</u>	<u>\$ 212,249</u>	<u>\$ 243,751</u>
Adjusted non-compensation expense, as a % of operating revenue	<u>18.3%</u>	<u>20.3%</u>	<u>19.2%</u>	<u>19.5%</u>

- (a) Represents expenses associated with the Enterprise Resource Planning (“ERP”) system implementation.
- (b) Represents incremental rent expense related to office space reorganization.
- (c) Represents certain distribution fees, reimbursable deal costs paid to third parties and bad debt expense relating to fees that are deemed uncollectible for which an equal amount is included for purposes of determining operating revenue.
- (d) In 2019, represents charges pertaining to the partial redemption of the Company’s 4.25% senior notes due 2020 (the “2020 Notes”) due to the non-operating nature of such transaction. See “—Liquidity and Capital Resources—Financing Activities” below.
- (e) Expenses related to the consolidation of noncontrolling interests are excluded because the Company has no economic interest in such amounts.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(\$ in thousands)				
Earnings From Operations:				
Operating revenue	\$ 542,914	\$ 629,700	\$ 1,105,725	\$ 1,249,690
Deduct:				
Adjusted compensation and benefits expense	(325,749)	(362,078)	(663,435)	(718,572)
Adjusted non-compensation expense	(99,617)	(128,014)	(212,249)	(243,751)
Earnings from operations	<u>\$ 117,548</u>	<u>\$ 139,608</u>	<u>\$ 230,041</u>	<u>\$ 287,367</u>
Earnings from operations, as a % of operating revenue	<u>21.7%</u>	<u>22.2%</u>	<u>20.8%</u>	<u>23.0%</u>

Headcount information is set forth below:

	As of		
	June 30, 2020	December 31, 2019	June 30, 2019
Headcount:			
Managing Directors:			
Financial Advisory	169	163	177
Asset Management	106	104	111
Corporate	22	19	17
Total Managing Directors	297	286	305
Other Business Segment Professionals and Support Staff:			
Financial Advisory	1,319	1,355	1,364
Asset Management	970	986	1,012
Corporate	397	391	393
Total	<u>2,983</u>	<u>3,018</u>	<u>3,074</u>

Operating Results

The Company's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality, the performance of equity markets and other factors. Accordingly, the revenue and profits in any particular quarter may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2020 versus June 30, 2019

The Company reported net income attributable to Lazard Ltd of \$73 million, as compared to net income attributable to Lazard Ltd of \$66 million in the 2019 period.

Net revenue decreased \$58 million, or 9%, with operating revenue decreasing \$87 million, or 14%, as compared to the 2019 period. Fee revenue from investment banking and other advisory activities decreased \$25 million, or 8%, as compared to the 2019 period. Asset management fees, including incentive fees, decreased \$51 million, or 17%, as compared to the 2019 period. In the aggregate, interest income, other revenue and interest expense increased \$18 million, as compared to the 2019 period.

Compensation and benefits expense decreased \$21 million, or 6%, as compared to the 2019 period.

Adjusted compensation and benefits expense (which excludes certain items and which we believe allows for improved comparability between periods, as described above) was \$326 million, a decrease of \$36 million, or 10%, as compared to \$362 million in the 2019 period. The ratio of adjusted compensation and benefits expense to operating revenue was 60.0% for the 2020 period, as compared to 57.5% for the 2019 period.

Non-compensation expense decreased \$27 million, or 18%, as compared to the 2019 period, primarily due to decreased marketing and business development expenses. Adjusted non-compensation expense decreased \$28 million, or 22%, as compared to the 2019 period. The ratio of adjusted non-compensation expense to operating revenue was 18.3% for the 2020 period, as compared to 20.3% for the 2019 period.

Amortization and other acquisition-related costs decreased \$5 million as compared the 2019 period.

Operating income decreased \$6 million, or 6%, as compared to the 2019 period.

Earnings from operations decreased \$22 million, or 16%, as compared to the 2019 period, and, as a percentage of operating revenue, was 21.7%, as compared to 22.2% in the 2019 period.

The provision for income taxes reflects an effective tax rate of 23.8%, as compared to 27.7% for the 2019 period. The decrease in the effective tax rate principally relates to changes in the geographic mix of earnings, partially offset by a reduction in discrete benefits from share-based incentive compensation.

Net income (loss) attributable to noncontrolling interests reflects a loss of \$0.4 million in the 2020 period as compared to income of \$8 million the 2019 period.

Six Months Ended June 30, 2020 versus June 30, 2019

The Company reported net income attributable to Lazard Ltd of \$137 million, as compared to net income attributable to Lazard Ltd of \$163 million in the 2019 period.

Net revenue decreased \$164 million, or 13%, with operating revenue decreasing \$144 million, or 12%, as compared to the 2019 period. Fee revenue from investment banking and other advisory activities decreased \$63 million, or 9%, as compared to the 2019 period. Asset management fees, including incentive fees, decreased \$75 million, or 13%, as compared to the 2019 period. In the aggregate, interest income, other revenue and interest expense decreased \$27 million, as compared to the 2019 period.

Compensation and benefits expense decreased \$73 million, or 10%, as compared to the 2019 period.

Adjusted compensation and benefits expense (which excludes certain items and which we believe allows for improved comparability between periods, as described above) was \$663 million, a decrease of \$55 million, or 8%, as compared to \$719 million in the 2019 period. The ratio of adjusted compensation and benefits expense to operating revenue was 60.0% for the 2020 period, as compared to 57.5% for the 2019 period.

Non-compensation expense decreased \$42 million, or 14%, as compared to the 2019 period, primarily due to decreased marketing and business development expenses. Adjusted non-compensation expense decreased \$32 million, or 13%, as compared to the 2019 period. The ratio of adjusted non-compensation expense to operating revenue was 19.2% for the 2020 period, as compared to 19.5% in the 2019 period.

Amortization and other acquisition-related costs decreased \$8 million compared to the 2019 period.

Operating income decreased \$41 million, or 19%, as compared to the 2019 period.

Earnings from operations decreased \$57 million, or 20%, as compared to the 2019 period, and, as a percentage of operating revenue, was 20.8%, as compared to 23.0% in the 2019 period.

The provision for income taxes reflects an effective tax rate of 27.0%, as compared to 23.2% for the 2019 period. The increase in the effective tax rate principally relates to a reduction in discrete benefits from share-based incentive compensation, partially offset by changes in the geographic mix of earnings.

Net income (loss) attributable to noncontrolling interests reflects a loss of \$6 million as compared to income of \$7 million in the 2019 period.

Business Segments

The following is a discussion of net revenue and operating income for the Company's segments: Financial Advisory, Asset Management and Corporate. Each segment's operating expenses include (i) compensation and benefits expenses that are incurred directly in support of the segment and (ii) other operating expenses, which include directly incurred expenses for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourcing, and indirect support costs (including compensation and benefits expense and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, human resources, legal, information technology, facilities management and senior management activities. Such support costs are allocated to the relevant segments based on various statistical drivers such as revenue, headcount, square footage and other factors.

Financial Advisory

The following table summarizes the reported operating results attributable to the Financial Advisory segment:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Net Revenue	\$ 304,806	\$ 329,612	\$ 603,772	\$ 667,982
Operating Expenses	251,015	276,238	497,862	556,499
Operating Income	\$ 53,791	\$ 53,374	\$ 105,910	\$ 111,483
Operating Income, as a % of net revenue	17.6%	16.2%	17.5%	16.7%

Certain Lazard fee and transaction statistics for the Financial Advisory segment are set forth below:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Lazard Statistics:				
Number of clients with fees greater than \$1 million:				
Financial Advisory	58	69	110	131
Percentage of total Financial Advisory net revenue from top 10 clients				
	51%	39%	32%	26%
Number of M&A transactions completed with values greater than \$500 million (a)				
	12	14	32	36

(a) Source: Dealogic as of July 6, 2020.

The geographical distribution of Financial Advisory net revenue is set forth below in percentage terms and is based on the Lazard offices that generate Financial Advisory net revenue, which are located in the Americas (primarily in the U.S., Canada, and Latin America), EMEA (primarily in the U.K., France, Germany, Italy and Spain) and the Asia Pacific region (primarily in Australia) and therefore may not be reflective of the geography in which the clients are located.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Americas	71%	73%	65%	69%
EMEA	27	26	33	29
Asia Pacific	2	1	2	2
Total	100%	100%	100%	100%

The Company's managing directors and many of its professionals have significant experience, and many of them are able to use this experience to advise on M&A, restructuring and other strategic advisory matters, depending on clients' needs. This flexibility allows Lazard to better match its professionals with the counter-cyclical business cycles of mergers and acquisitions and restructurings. While Lazard measures revenue by practice area, Lazard does not separately measure the costs or profitability of M&A services as compared to restructuring or other services. Accordingly, Lazard measures performance in its Financial Advisory segment based on overall segment operating revenue and operating income margins.

Financial Advisory Results of Operations

Financial Advisory's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality and other factors. Accordingly, the revenue and profits in any particular quarter or period may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2020 versus June 30, 2019

Financial Advisory net revenue decreased \$25 million, or 8%, as compared to the 2019 period. The decrease in Financial Advisory net revenue was primarily a result of a decrease in the number of M&A fees greater than \$5 million, partially offset by higher Restructuring fees as compared to the 2019 period.

Operating expenses decreased \$25 million, or 9%, as compared to the 2019 period, primarily due to decreases in compensation and benefits expense and marketing and business development expenses, partially offset by an increase in bad debt expense.

Financial Advisory operating income was \$54 million as compared to operating income of \$53 million in the 2019 period and, as a percentage of net revenue, was 17.6%, as compared to 16.2% in the 2019 period.

Six Months Ended June 30, 2020 versus June 30, 2019

Financial Advisory net revenue decreased \$64 million, or 10%, as compared to the 2019 period. The decrease in Financial Advisory net revenue was primarily a result of a decrease in the number of M&A fees greater than \$5 million, partially offset by higher Restructuring fees as compared to the 2019 period.

Operating expenses decreased \$59 million, or 11%, as compared to the 2019 period, primarily due to decreases in compensation and benefits expense and marketing and business development expenses, partially offset by an increase in bad debt expense.

Financial Advisory operating income was \$106 million, a decrease of \$5 million, or 5%, as compared to operating income of \$111 million in the 2019 period and, as a percentage of net revenue, was 17.5%, as compared to 16.7% in the 2019 period.

Asset Management

The following table shows the composition of AUM for the Asset Management segment:

	June 30, 2020	As of December 31, 2019
	(\$ in millions)	
AUM by Asset Class:		
Equity:		
Emerging Markets	\$ 28,937	\$ 40,612
Global	45,178	49,759
Local	43,477	48,985
Multi-Regional	55,923	66,185
Total Equity	<u>173,515</u>	<u>205,541</u>
Fixed Income:		
Emerging Markets	12,412	14,387
Global	9,883	9,233
Local	5,436	5,450
Multi-Regional	9,153	9,193
Total Fixed Income	<u>36,884</u>	<u>38,263</u>
Alternative Investments	2,028	2,149
Private Equity	1,412	1,385
Cash Management	865	901
Total AUM	<u>\$ 214,704</u>	<u>\$ 248,239</u>

Total AUM at June 30, 2020 was \$215 billion, a decrease of \$33 billion, or 13%, as compared to total AUM of \$248 billion at December 31, 2019 due to market depreciation, net outflows and foreign exchange depreciation. Average AUM for the three month and six month periods ended June 30, 2020 decreased 12% and 8% as compared to the three month and six month periods ended June 30, 2019.

As of June 30, 2020, approximately 87% of our AUM was managed on behalf of institutional clients, including corporations, labor unions, public pension funds, insurance companies and banks, and through sub-advisory relationships, mutual fund sponsors, broker-dealers and registered advisors, as compared to 86% as of December 31, 2019. As of June 30, 2020, approximately 13% of our AUM was managed on behalf of individual client relationships, which are principally with family offices and individuals, as compared to 14% as of December 31, 2019.

As of June 30, 2020, AUM with foreign currency exposure represented approximately 69% of our total AUM, as compared to 67% as of December 31, 2019. AUM with foreign currency exposure generally declines in value with the strengthening of the U.S. Dollar and increases in value as the U.S. Dollar weakens, with all other factors held constant.

The following is a summary of changes in AUM by asset class for the three month and six month periods ended June 30, 2020 and 2019:

Three Months Ended June 30, 2020

	AUM Beginning Balance	Inflows (a)	Outflows (a)	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 154,641	\$ 8,009	\$ (14,040)	\$ (6,031)	\$ 23,080	\$ 1,825	\$ 173,515
Fixed Income	34,321	2,199	(2,253)	(54)	2,026	591	36,884
Other	4,086	218	(101)	117	73	29	4,305
Total	<u>\$ 193,048</u>	<u>\$ 10,426</u>	<u>\$ (16,394)</u>	<u>\$ (5,968)</u>	<u>\$ 25,179</u>	<u>\$ 2,445</u>	<u>\$ 214,704</u>

(a) Inflows in the Equity asset class were primarily attributable to the Global, Local and Multi-Regional platforms, and inflows in the Fixed Income asset class were primarily attributable to the Multi-Regional and Global platforms. Outflows in the Equity asset class were primarily attributable to the Multi-Regional, Emerging Markets, and Local equity platforms, and outflows in the Fixed Income asset class were primarily attributable to the Multi-Regional and Global platforms.

Six Months Ended June 30, 2020

	AUM Beginning Balance	Inflows (a)	Outflows (a)	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 205,541	\$ 14,602	\$ (24,438)	\$ (9,836)	\$ (19,003)	\$ (3,187)	\$ 173,515
Fixed Income	38,263	4,641	(5,740)	(1,099)	629	(909)	36,884
Other	4,435	468	(414)	54	(134)	(50)	4,305
Total	<u>\$ 248,239</u>	<u>\$ 19,711</u>	<u>\$ (30,592)</u>	<u>\$ (10,881)</u>	<u>\$ (18,508)</u>	<u>\$ (4,146)</u>	<u>\$ 214,704</u>

(a) Inflows in the Equity asset class were primarily attributable to the Global, Multi-Regional and Local platforms, and inflows in the Fixed Income asset class were primarily attributable to the Global and Multi-Regional platforms. Outflows in the Equity asset class were primarily attributable to the Multi-Regional, Emerging Markets and Global equity platforms, and outflows in the Fixed Income asset class were primarily attributable to the Emerging Markets, Global and Multi-Regional platforms.

Three Months Ended June 30, 2019

	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 195,095	\$ 5,232	\$ (11,389)	\$ (6,157)	\$ 6,393	\$ 527	\$ 195,858
Fixed Income	35,008	2,345	(1,312)	1,033	255	293	36,589
Other	4,876	278	(400)	(122)	254	11	5,019
Total	<u>\$ 234,979</u>	<u>\$ 7,855</u>	<u>\$ (13,101)</u>	<u>\$ (5,246)</u>	<u>\$ 6,902</u>	<u>\$ 831</u>	<u>\$ 237,466</u>

Six Months Ended June 30, 2019

	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 176,998	\$ 11,630	\$ (18,618)	\$ (6,988)	\$ 25,957	\$ (109)	\$ 195,858
Fixed Income	32,938	4,963	(3,196)	1,767	1,823	61	36,589
Other	4,798	797	(784)	13	210	(2)	5,019
Total	<u>\$ 214,734</u>	<u>\$ 17,390</u>	<u>\$ (22,598)</u>	<u>\$ (5,208)</u>	<u>\$ 27,990</u>	<u>\$ (50)</u>	<u>\$ 237,466</u>

As of July 29, 2020, AUM was \$224.3 billion, a \$9.6 billion increase since June 30, 2020. The increase in AUM was due to market appreciation of \$6.5 billion and foreign exchange appreciation of \$4.3 billion, partially offset by net outflows of \$1.2 billion.

Average AUM for the three month and six month periods ended June 30, 2020 and 2019 for each significant asset class is set forth below. Average AUM generally represents the average of the monthly ending AUM balances for the period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(\$ in millions)			
Average AUM by Asset Class:				
Equity	\$ 168,465	\$ 196,171	\$ 174,434	\$ 192,555
Fixed Income	35,775	35,669	36,336	35,148
Alternative Investments	1,962	2,606	2,005	2,649
Private Equity	1,410	1,391	1,404	1,404
Cash Management	842	1,141	829	984
Total Average AUM	<u>\$ 208,454</u>	<u>\$ 236,978</u>	<u>\$ 215,008</u>	<u>\$ 232,740</u>

The following table summarizes the reported operating results attributable to the Asset Management segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Net Revenue	\$ 254,849	\$ 315,591	\$ 537,370	\$ 617,424
Operating Expenses	195,049	219,021	399,818	426,369
Operating Income	<u>\$ 59,800</u>	<u>\$ 96,570</u>	<u>\$ 137,552</u>	<u>\$ 191,055</u>
Operating Income, as a % of net revenue	<u>23.5%</u>	<u>30.6%</u>	<u>25.6%</u>	<u>30.9%</u>

The geographical distribution of Asset Management net revenue is set forth below in percentage terms, and is based on the Lazard offices that manage and distribute the respective AUM amounts. Such geographical distribution may not be reflective of the geography of the investment products or clients.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Americas	52%	57%	52%	56%
EMEA	36	32	36	33
Asia Pacific	12	11	12	11
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Asset Management Results of Operations

Asset Management's quarterly revenue and profits in any particular quarter or period may not be indicative of future results and may fluctuate based on the performance of the equity and other capital markets. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2020 versus June 30, 2019

Asset Management net revenue decreased \$61 million, or 19%, as compared to the 2019 period. Management fees and other revenue was \$254 million, a decrease of \$57 million, or 18%, as compared to \$311 million in the 2019 period, primarily due to a decrease in average AUM and change in asset mix. Incentive fees were \$1 million, a decrease of \$4 million as compared to \$5 million in the 2019 period.

Operating expenses decreased \$24 million, or 11%, as compared to the 2019 period primarily due to decreases in compensation and benefits expense, marketing and business development expenses and fund distribution related fees.

Asset Management operating income was \$60 million, a decrease of \$37 million, or 38%, as compared to operating income of \$97 million in the 2019 period and as a percentage of net revenue, was 23.5%, as compared to 30.6% in the 2019 period.

Six Months Ended June 30, 2020 versus June 30, 2019

Asset Management net revenue decreased \$80 million, or 13%, as compared to the 2019 period. Management fees and other revenue was \$535 million, a decrease of \$77 million, or 13%, as compared to \$612 million in the 2019 period, primarily due to a decrease in average AUM and change in asset mix. Incentive fees were \$2 million, a decrease of \$4 million as compared to \$6 million in the 2019 period.

Operating expenses decreased \$27 million, or 6%, as compared to the 2019 period primarily due to decreases in compensation and benefits expense, marketing and business development expenses and fund distribution related fees.

Asset Management operating income was \$138 million, a decrease of \$54 million, or 28%, as compared to operating income of \$191 million in the 2019 period and, as a percentage of net revenue, was 25.6%, as compared to 30.9% in the 2019 period.

Corporate

The following table summarizes the reported operating results attributable to the Corporate segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(\$ in thousands)			
Interest Income	\$ 702	\$ 3,187	\$ 2,702	\$ 6,028
Interest Expense	(18,811)	(18,997)	(37,850)	(36,013)
Net Interest (Expense)	(18,109)	(15,810)	(35,148)	(29,985)
Other Revenue (Expense)	30,746	1,297	4,312	18,943
Net Revenue (Expense)	12,637	(14,513)	(30,836)	(11,042)
Operating Expenses	30,363	33,746	32,664	70,148
Operating Income (Loss)	<u>\$ (17,726)</u>	<u>\$ (48,259)</u>	<u>\$ (63,500)</u>	<u>\$ (81,190)</u>

Corporate Results of Operations

Corporate operating results in any particular quarter or period may not be indicative of future results and may fluctuate based on a variety of factors. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2020 versus June 30, 2019

Net interest expense increased \$2 million, or 15%, as compared to the 2019 period.

Other revenue increased \$29 million as compared to the 2019 period primarily due to higher income in the 2020 period attributable to investments held in connection with LFI.

Operating expenses decreased \$3 million as compared to the 2019 period.

Six Months Ended June 30, 2020 versus June 30, 2019

Net interest expense increased \$5 million, or 17%, as compared to the 2019 period.

Other revenue decreased \$15 million as compared to the 2019 period primarily due to lower income in the 2020 period attributable to investments held in connection with LFI.

Operating expenses decreased \$37 million as compared to the 2019 period, primarily due to a decrease in compensation and benefits expense, which reflected a decrease in charges pertaining to LFI.

Cash Flows

The Company's cash flows are influenced primarily by the timing of the receipt of Financial Advisory and Asset Management fees, the timing of distributions to shareholders, payments of incentive compensation to managing directors and employees and purchases of common stock. Cash flows were also affected in 2019 by Lazard Group's issuance of \$500 million aggregate principal amount of its 4.375% senior notes maturing in 2029 (the "2029 Notes") and the redemption of the 2020 Notes.

M&A and other advisory and Asset Management fees are generally collected within 60 days of billing, while Restructuring fee collections may extend beyond 60 days, particularly those that involve bankruptcies with court-ordered holdbacks. Fees from our Private Capital Advisory activities are generally collected over a four-year period from billing and typically include an interest component.

The Company makes cash payments for, or in respect of, a significant portion of its incentive compensation during the first three months of each calendar year with respect to the prior year's results. The Company also paid a special dividend in February 2019.

Summary of Cash Flows:

	Six Months Ended June 30,	
	2020	2019
	(\$ in millions)	
Cash Provided By (Used In):		
Operating activities:		
Net income	\$ 131	\$ 170
Adjustments to reconcile net income to net cash provided by operating activities (a)	289	292
Other operating activities (b)	(420)	(379)
Net cash provided by (used in) operating activities	0	83
Investing activities	(25)	(18)
Financing activities (c)	(314)	(87)
Effect of exchange rate changes	(24)	(9)
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(363)	(31)
Cash and Cash Equivalents and Restricted Cash (d):		
Beginning of Period	2,456	2,292
End of Period	<u>\$ 2,093</u>	<u>\$ 2,261</u>

(a) Consists of the following:

	Six Months Ended June 30,	
	2020	2019
	(\$ in millions)	
Depreciation and amortization of property	\$ 17	\$ 16
Noncash lease expense	33	27
Amortization of deferred expenses and share-based incentive compensation	215	227
Deferred tax provision	23	7
Amortization and other acquisition-related costs	1	8
Loss on extinguishment of debt	-	7
Total	\$ 289	\$ 292

(b) Includes net changes in operating assets and liabilities.

(c) Consists primarily of purchases of shares of common stock, tax withholdings related to the settlement of vested RSUs, vested restricted stock awards and vested PRSUs, common stock dividends, changes in customer deposits, distributions to noncontrolling interest holders and activity relating to borrowings (including in 2019, the issuance of the 2029 Notes and the redemption of the 2020 Notes).

(d) Cash and cash equivalents and restricted cash consists of cash and cash equivalents, deposits with banks and short-term investments and cash deposited with clearing organizations and other segregated cash.

Liquidity and Capital Resources

The Company's liquidity and capital resources are derived from operating activities, financing activities and equity offerings.

Operating Activities

Net revenue, operating income and cash receipts fluctuate significantly between periods and could be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic. In the case of Financial Advisory, fee receipts are generally dependent upon the successful completion of client transactions, the occurrence and timing of which is irregular and not subject to Lazard's control.

Liquidity is significantly impacted by cash payments for, or in respect of, incentive compensation, a significant portion of which are made during the first three months of the year. As a consequence, cash on hand generally declines in the beginning of the year and gradually builds over the remainder of the year. We also pay certain tax advances during the year on behalf of certain managing directors, which serve to reduce their respective incentive compensation payments. We expect this seasonal pattern of cash flow to continue.

Liquidity is also affected by the level of deposits and other customer payables, principally at LFB. To the extent that such deposits and other customer payables rise or fall, this has a corresponding impact on liquidity held at LFB, with the majority of such amounts generally being recorded in "deposits with banks and short-term investments". In the first half of 2020, as reflected on the condensed consolidated statements of financial condition, both "deposits with banks and short-term investments" and "deposits and other customer payables" decreased as compared to December 31, 2019, due to a lower level of LFB customer-related demand deposits, primarily from clients and funds managed by LFG.

Lazard's condensed consolidated financial statements are presented in U.S. Dollars. Many of Lazard's non-U.S. subsidiaries have a functional currency (*i.e.*, the currency in which operational activities are primarily conducted) that is other than the U.S. Dollar, generally the currency of the country in which such subsidiaries are domiciled. Such subsidiaries' assets and liabilities are translated into U.S. Dollars at the respective balance sheet date exchange rates, while revenue and expenses are translated at average exchange rates during the year based on the daily closing exchange rates. Adjustments that result from translating amounts from a subsidiary's functional currency are reported as a component of stockholders' equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included on the condensed consolidated statements of operations.

We regularly monitor our liquidity position, including cash levels, investments in U.S. Treasury securities, credit lines, principal investment commitments, interest and principal payments on debt, capital expenditures, dividend payments, purchases of shares of common stock and matters relating to liquidity and to compliance with regulatory net capital requirements. At June 30, 2020, Lazard had approximately \$897 million of cash, with such amount including approximately \$448 million held at Lazard's operations outside

the U.S. Lazard provides for income taxes on substantially all of its foreign earnings. We expect that no material amount of additional taxes would be recognized upon receipt of dividends or distributions of such earnings from our foreign operations.

As of June 30, 2020, Lazard had approximately \$168 million in unused lines of credit available to it, including a \$150 million, five-year, senior revolving credit facility with a group of lenders (the “Existing Credit Agreement”), which was amended and restated in its entirety in July 2020 by the Amended and Restated Credit Agreement (as defined below), and unused lines of credit available to LFB of approximately \$17 million.

The Existing Credit Agreement contains customary terms and conditions, including limitations on consolidations, mergers, indebtedness and certain payments, as well as financial condition covenants relating to leverage and interest coverage ratios. Lazard Group’s obligations under the Existing Credit Agreement may be accelerated upon customary events of default, including non-payment of principal or interest, breaches of covenants, cross-defaults to other material debt, a change in control and specified bankruptcy events.

As long as the lenders’ commitments remain in effect, any loan pursuant to the Existing Credit Agreement remains outstanding and unpaid or any other amount is due to the lending bank group, the Existing Credit Agreement includes financial covenants that require that Lazard Group not permit (i) its Consolidated Leverage Ratio (as defined in the Existing Credit Agreement) for the 12-month period ending on the last day of any fiscal quarter to be greater than 3.25 to 1.00 or (ii) its Consolidated Interest Coverage Ratio (as defined in the Existing Credit Agreement) for the 12-month period ending on the last day of any fiscal quarter to be less than 3.00 to 1.00. For the 12-month period ended June 30, 2020, Lazard Group was in compliance with such ratios, with its Consolidated Leverage Ratio being 1.88 to 1.00 and its Consolidated Interest Coverage Ratio being 11.89 to 1.00. In any event, no amounts were outstanding under the Existing Credit Agreement as of June 30, 2020.

In addition, the Existing Credit Agreement contains certain other covenants (none of which relate to financial condition), events of default and other customary provisions. At June 30, 2020, the Company was in compliance with all of these provisions.

Lazard’s annual cash flow generated from operations historically has been sufficient to enable it to meet its annual obligations. We believe that our cash flows from operating activities should be sufficient for us to fund our current obligations for the next 12 months.

On July 22, 2020, Lazard Group entered into the Amended and Restated Credit Agreement for a three-year, \$200 million senior revolving credit facility with a group of lenders, which expires in July 2023 (the “Amended and Restated Credit Agreement”). The Amended and Restated Credit Agreement amends and restates the Existing Credit Agreement in its entirety. Borrowings under the Amended and Restated Credit Agreement generally will bear interest at LIBOR plus an applicable margin for specific interest periods determined based on Lazard Group’s highest credit rating from an internationally recognized credit agency. The Amended and Restated Credit Agreement contains certain covenants, events of default and other customary provisions, which are substantially similar to those in the Existing Credit Agreement, and also contains customary LIBOR-replacement mechanics.

Financing Activities

The table below sets forth our corporate indebtedness as of June 30, 2020 and December 31, 2019. The agreements with respect to this indebtedness are discussed in more detail in our condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and in our Form 10-K.

Senior Debt	Maturity Date	Principal	June 30, 2020		Outstanding as of		December 31, 2019	
			Unamortized Debt Costs	Carrying Value	Principal	Unamortized Debt Costs	Carrying Value	
(\$ in millions)								
Lazard Group 2025 Senior Notes	2025	\$ 400.0	\$ 2.2	\$ 397.8	\$ 400.0	\$ 2.4	\$ 397.6	
Lazard Group 2027 Senior Notes	2027	300.0	2.6	297.4	300.0	2.8	297.2	
Lazard Group 2028 Senior Notes	2028	500.0	7.4	492.6	500.0	7.8	492.2	
Lazard Group 2029 Senior Notes	2029	500.0	7.0	493.0	500.0	7.4	492.6	
		<u>\$ 1,700.0</u>	<u>\$ 19.2</u>	<u>\$ 1,680.8</u>	<u>\$ 1,700.0</u>	<u>\$ 20.4</u>	<u>\$ 1,679.6</u>	

During March 2019, Lazard Group completed an offering of the 2029 Notes. Lazard Group used a portion of the net proceeds of the 2029 Notes to redeem or otherwise retire the remaining 2020 Notes in transactions that occurred during March 2019 and April 2019.

The indenture and supplemental indentures relating to Lazard Group’s senior notes contain certain covenants (none of which relate to financial condition), events of default and other customary provisions. At June 30, 2020, the Company was in compliance with all of these provisions. We may, to the extent required and subject to restrictions contained in our financing arrangements, use other financing sources, which may cause us to be subject to additional restrictions or covenants.

See Note 10 of Notes to Condensed Consolidated Financial Statements for additional information regarding senior debt.

Stockholders’ Equity

At June 30, 2020, total stockholders’ equity was \$684 million, as compared to \$682 million at December 31, 2019, including \$601 million and \$610 million attributable to Lazard Ltd on the respective dates. The net activity in stockholders’ equity during the six month period ended June 30, 2020 is reflected in the table below (in millions of dollars):

Stockholders’ Equity - January 1, 2020	\$	682
Adjustment for cumulative effect on prior years from the adoption of new accounting guidance		(8)
Balance, as adjusted January 1, 2020		674
Increase (decrease) due to:		
Net income		131
Other comprehensive loss		(15)
Amortization of share-based incentive compensation		141
Purchase of common stock		(95)
Settlement of share-based incentive compensation (a)		(70)
Common stock dividends		(98)
Other - net		16
Stockholders’ Equity - June 30, 2020	\$	684

(a) The tax withholding portion of share-based compensation is settled in cash, not shares.

The Board of Directors of Lazard has issued a series of authorizations to repurchase common stock, which help offset the dilutive effect of our share-based incentive compensation plans. During a given year the Company intends to repurchase at least as many shares as it expects to ultimately issue pursuant to such compensation plans in respect of year-end incentive compensation attributable to the prior year. The rate at which the Company purchases shares in connection with this annual objective may vary from period to period due to a variety of factors. Purchases with respect to such program are set forth in the table below:

Six Months Ended June 30:	Number of Shares Purchased	Average Price Per Share
2019	9,715,003	\$ 36.20
2020	2,912,035	\$ 32.70

As of June 30, 2020, a total of \$306 million of share repurchase authorization remained available under the Company’s share repurchase program, \$6 million of which will expire on December 31, 2020 and \$300 million of which will expire on December 31, 2021.

During the six month period ended June 30, 2020, the Company had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), pursuant to which it effected stock repurchases in the open market.

On July 29, 2020, the Board of Directors of Lazard declared a quarterly dividend of \$0.47 per share on our common stock. The dividend is payable on August 21, 2020 to stockholders of record on August 10, 2020.

See Notes 12 and 13 of Notes to Condensed Consolidated Financial Statements for additional information regarding Lazard’s stockholders’ equity and incentive plans, respectively.

Regulatory Capital

We actively monitor our regulatory capital base. Our principal subsidiaries are subject to regulatory requirements in their respective jurisdictions to ensure their general financial soundness and liquidity, which require, among other things, that we comply

with rules regarding certain minimum capital requirements, record-keeping, reporting procedures, relationships with customers, experience and training requirements for employees and certain other requirements and procedures. These regulatory requirements may restrict the flow of funds to and from affiliates. See Note 19 of Notes to Condensed Consolidated Financial Statements for further information. These regulations differ in the U.S., the U.K., France and other countries in which we operate. Our capital structure is designed to provide each of our subsidiaries with capital and liquidity consistent with its business and regulatory requirements. For a discussion of regulations relating to us, see Item 1, “Business—Regulation” included in our Form 10-K.

Contractual Obligations

The following table sets forth information relating to Lazard’s contractual obligations as of June 30, 2020:

	Total	Contractual Obligations Payment Due by Period			
		Less than 1 Year	1-3 Years (\$ in thousands)	3-5 Years	More than 5 Years
Senior debt (including interest)	\$ 2,238,542	\$ 70,250	\$ 140,500	\$ 539,792	\$ 1,488,000
Operating leases (exclusive of \$14,548 of committed sublease income)	757,718	44,418	155,374	127,714	430,212
Investment capital funding commitments (a)	6,056	6,056	-	-	-
Total (b)	<u>\$ 3,002,316</u>	<u>\$ 120,724</u>	<u>\$ 295,874</u>	<u>\$ 667,506</u>	<u>\$ 1,918,212</u>

- (a) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$11,155 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders. See Note 6 of Notes to Condensed Consolidated Financial Statements. These amounts are generally due on demand and therefore are presented in the “less than 1 year” category.
- (b) The table above excludes contingent obligations, given the inability to make a reasonably reliable estimate of the timing of the amounts of any such payments. The table above also excludes any possible payments for uncertain tax positions and payments pursuant to the Company’s tax receivable agreement, given that the actual amount and timing of payments under the tax receivable agreement could differ materially from our estimates. At June 30, 2020, a tax receivable agreement obligation of \$221,890 was recorded on the condensed consolidated statements of financial condition. See “Critical Accounting Policies and Estimates – Income Taxes” below. See also Notes 11, 13, 14, 16 and 18 of Notes to Condensed Consolidated Financial Statements regarding information in connection with commitments, incentive plans, employee benefit plans, income taxes and tax receivable agreement obligations, respectively.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of our condensed consolidated financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in conformity with U.S. GAAP. The preparation of Lazard’s condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, Lazard evaluates its estimates, including those related to revenue recognition, income taxes (including the impact on the tax receivable agreement obligation), investing activities and goodwill. Lazard bases these estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments, including judgments regarding the carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates.

Lazard believes that the critical accounting policies set forth below comprise the most significant estimates and judgments used in the preparation of its condensed consolidated financial statements.

Revenue Recognition

Lazard generates substantially all of its net revenue from providing Financial Advisory and Asset Management services to clients. Lazard recognizes revenue when the following criteria are met:

- a contract with a client has been identified;
- the performance obligations in the contract have been identified;
- the fee or other transaction price has been determined;

- the fee or other transaction price has been allocated to each performance obligation in the contract; and
- the Company has satisfied the applicable performance obligation.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds such as hedge funds and private equity funds. See “Financial Statement Overview” for a description of our revenue recognition policies on such fees. If, in Lazard’s judgment, collection of a fee is not probable, Lazard will not recognize revenue until the uncertainty is removed. We maintain an allowance for doubtful accounts to provide coverage for estimated losses from our receivables. We determine the adequacy of the allowance under CECL by (i) applying a bad debt charge-off rate based on historical charge-off experience; (ii) estimating the probability of loss based on our analysis of the client’s creditworthiness and specifically reserve against exposures where we determine the receivables are impaired, which may include situations where a fee is in dispute or litigation has commenced; and (iii) performing qualitative assessments to monitor economic risks that may require additional adjustments.

With respect to fees receivable from Financial Advisory activities, such receivables are generally deemed past due when they are outstanding 60 days from the date of invoice, except for certain transactions that include specific contractual payment terms which may vary from one month to four years following the invoice date (as is the case for Private Capital Advisory fees) or may be subject to court approval (as is the case with Restructuring activities that include bankruptcy proceedings). In such cases, receivables are deemed past due when payment is not received by the agreed-upon contractual date or the court approval date, respectively. Financial Advisory fee receivables past due, from the date of the invoice or specific contractual payment terms, in excess of 180 days are fully provided for unless there is evidence that the balance is collectible. Notwithstanding our policy for receivables past due, any receivables that we determine are impaired result in specific reserves against such exposures. Asset Management fees are fully provided for when such receivables are outstanding 12 months after the invoice date. In addition, the Company specifically reserves against exposures relating to Asset Management fees where we determine receivables are impaired prior to being outstanding for 12 months.

Compensation Liabilities

Annual discretionary compensation represents a significant portion of our annual compensation and benefits expense. We allocate the estimated amount of such annual discretionary compensation to interim periods in proportion to the amount of operating revenue earned in such periods based on an assumed annual ratio of awarded compensation and benefits expense to operating revenue. See “Financial Statement Overview—Operating Expenses” for more information on our periodic compensation and benefits expense.

Income Taxes

As part of the process of preparing our consolidated financial statements, we estimate our income taxes for each of our tax-paying entities in its respective jurisdiction. In addition to estimating actual current tax liabilities for these jurisdictions, we also must account for the tax effects of differences between the financial reporting and tax reporting of items, such as basis adjustments, compensation and benefits expense, and depreciation and amortization. Differences which are temporary in nature result in deferred tax assets and liabilities. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, any valuation allowance recorded against our deferred tax assets and our unrecognized tax benefits.

We recognize a deferred tax asset if it is more likely than not (defined as a likelihood of greater than 50%) that a tax benefit will be accepted by a taxing authority. The measurement of deferred tax assets and liabilities is based upon currently enacted tax rates in the applicable jurisdictions. At December 31, 2019, on a consolidated basis, we recorded gross deferred tax assets of approximately \$737 million, with such amount partially offset by a valuation allowance of approximately \$76 million (as described below).

Subsequent to the initial recognition of deferred tax assets, we also must continually assess the likelihood that such deferred tax assets will be realized. If we determine that we may not fully derive the benefit from a deferred tax asset, we consider whether it would be appropriate to apply a valuation allowance against the applicable deferred tax asset, taking into account all available information. The ultimate realization of a deferred tax asset for a particular entity depends, among other things, on the generation of taxable income by such entity in the applicable jurisdiction.

We consider multiple possible sources of taxable income when assessing a valuation allowance against a deferred tax asset, including:

- future reversals of existing taxable temporary differences;
- future taxable income exclusive of reversing temporary differences and carryforwards;

- taxable income in prior carryback years; and
- tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available information, including the following:

- nature, frequency, magnitude and duration of any past losses and current operating results;
- duration of statutory carryforward periods;
- historical experience with tax attributes expiring unused; and
- near-term and medium-term financial outlook.

The weight we give to any particular item is, in part, dependent upon the degree to which it can be objectively verified. We give greater weight to the recent results of operations of a relevant entity. Pre-tax operating losses on a three year cumulative basis or lack of sustainable profitability are considered objectively verifiable evidence and will generally outweigh a projection of future taxable income.

Certain of our tax-paying entities have individually experienced losses on a cumulative three year basis or have tax attributes that may expire unused. In addition, one of our tax-paying entities has recorded a valuation allowance on substantially all of its deferred tax assets due to the combined effect of operating losses in certain subsidiaries of that entity as well as foreign taxes that together substantially offset any U.S. tax liability. Taking into account all available information, we cannot determine that it is more likely than not that deferred tax assets held by these entities will be realized. Consequently, we have recorded valuation allowances on \$76 million of deferred tax assets held by these entities as of December 31, 2019.

We record tax positions taken or expected to be taken in a tax return based upon our estimates regarding the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, we recognize liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. Such liabilities are evaluated periodically as new information becomes available and any changes in the amounts of such liabilities are recorded as adjustments to “income tax expense.” Liabilities for unrecognized tax benefits involve significant judgment and the ultimate resolution of such matters may be materially different from our estimates.

In addition to the discussion above regarding deferred tax assets and associated valuation allowances, as well as unrecognized tax benefit liability estimates, other factors affect our provision for income taxes, including changes in the geographic mix of our business, the level of our annual pre-tax income, transfer pricing and intercompany transactions.

See Item 1A, “Risk Factors” in our Form 10-K and Note 16 of Notes to Condensed Consolidated Financial Statements for additional information related to income taxes.

Amended and Restated Tax Receivable Agreement

During the period ended June 30, 2015, we released substantially all of our valuation allowance against deferred tax assets. As a result, we accrued a corresponding liability during the period ended June 30, 2015 for amounts relating to the Second Amended and Restated Tax Receivable Agreement, dated as of October 26, 2015 (the “Amended and Restated Tax Receivable Agreement”), between Lazard and LTBP Trust (the “Trust”). See Note 18 of Notes to Condensed Consolidated Financial Statements for additional information regarding the Amended and Restated Tax Receivable Agreement.

The amount of the Amended and Restated Tax Receivable Agreement liability is an undiscounted amount based upon currently enacted tax laws, including the Tax Act, the current structure of the Company and various assumptions regarding potential future operating profitability. The assumptions reflected in the estimate involve significant judgment, and if our structure were to change or our annual taxable income were to increase, we could be required to accelerate payments under the Amended and Restated Tax Receivable Agreement. As such, the actual amount and timing of payments under the Amended and Restated Tax Receivable Agreement could differ materially from our estimates. Any changes in the amount of the estimated liability would be recorded as a non-compensation expense in the condensed consolidated statement of operations. Adjustments, if necessary, to the related deferred tax assets would be recorded through income tax expense.

The cumulative liability relating to our obligations under the Amended and Restated Tax Receivable Agreement recorded as of June 30, 2020 and December 31, 2019 was \$222 million and \$247 million, respectively, and is recorded in “tax receivable agreement obligation” on the condensed consolidated statements of financial condition.

Investments

Investments consist primarily of interest-bearing deposits, debt and equity securities, and interests in alternative investment, debt, equity and private equity funds.

These investments, with the exception of interest-bearing deposits, are carried at fair value on the condensed consolidated statements of financial condition, and any increases or decreases in the fair value of these investments are reflected in earnings. The fair value of investments is generally based upon market prices or the net asset value (“NAV”) or its equivalent for investments in funds. See Note 6 of Notes to Condensed Consolidated Financial Statements for additional information on the measurement of the fair value of investments.

Lazard is subject to market and credit risk on investments held. As such, gains and losses on investment positions held, which arise from sales or changes in the fair value of the investments, are not predictable and can cause periodic fluctuations in net income.

Data relating to investments is set forth below:

	June 30, 2020	December 31, 2019
	(\$ in thousands)	
Seed investments by asset class:		
Equities (a)	\$ 89,727	\$ 93,535
Fixed income	11,839	13,923
Alternative investments	21,904	5,850
Total seed investments	123,470	113,308
Other investments owned:		
Private equity (b)	19,885	23,588
Interest-bearing deposits	-	517
Fixed income and other (c)	25,113	124,670
Total other investments owned	44,998	148,775
Subtotal	168,468	262,083
Add:		
Private equity consolidated, not owned (d)	15,801	10,774
LFI (e)	339,097	259,138
Total investments	<u>\$ 523,366</u>	<u>\$ 531,995</u>

(a) At June 30, 2020 and December 31, 2019, seed investments in directly owned equity securities were invested as follows:

	June 30, 2020	December 31, 2019
Percentage invested in:		
Financials	20%	26%
Consumer	34	32
Industrial	14	15
Technology	21	16
Other	11	11
Total	<u>100%</u>	<u>100%</u>

(b) Private equity investments include investments related to certain legacy businesses and co-investments in private equity funds managed by our Asset Management business. Co-investments owned were \$17 million and \$20 million as of June 30, 2020 and December 31, 2019, respectively.

(c) At December 31, 2019, includes investments in U.S. Treasury securities of approximately \$100 million, with original maturities of greater than three months and less than one year.

- (d) Represents private equity investments that are consolidated but owned by noncontrolling interests, and therefore do not subject the Company to market or credit risk. The applicable noncontrolling interests are presented within “stockholders’ equity” on the condensed consolidated statements of financial condition.
- (e) Composed of investments held in connection with LFI and other similar deferred compensation arrangements. The market risk associated with such investments is equally offset by the market risk associated with the derivative liability with respect to awards expected to vest. The Company is subject to market risk associated with any portion of such investments that employees may forfeit. See “—Risk Management—Risks Related to Derivatives” for risk management information relating to derivatives. LFI investments held in entities in which the Company maintained a controlling interest were \$151 million in nine entities as of June 30, 2020, as compared to \$93 million in eight entities as of December 31, 2019.

At June 30, 2020 and December 31, 2019, total investments with a fair value of \$523 million and \$531 million, respectively, included \$52 million and \$34 million, respectively, or 10% and 6%, respectively, of investments that were classified using NAV or its equivalent as a practical expedient. See Notes 5 and 6 of Notes to Condensed Consolidated Financial Statements for additional information regarding investments measured at fair value, including the levels of fair value within which such measurements of fair value fall.

As of June 30, 2020 and December 31, 2019, the Company held seed investments of approximately \$123 million and \$113 million, respectively. Seed investments held in entities in which the Company maintained a controlling interest were \$67 million in nine entities as of June 30, 2020, as compared to \$47 million in seven entities as of December 31, 2019.

As of June 30, 2020 and December 31, 2019, the Company did not consolidate or deconsolidate any seed investment entities or LFI investment entities with the exception of the consolidation of certain LFI funds (see Note 21 of Notes to the Condensed Consolidated Financial Statements). As such, 100% of the recorded balance of seed investments and substantially all of LFI investments as of June 30, 2020 and December 31, 2019 represented the Company’s economic interest in the seed and LFI investments. See “—Consolidation of Variable Interest Entities” below for more information on the Company’s policy regarding the consolidation of seed and LFI investment entities.

For additional information regarding risks associated with our investments, see “Risk Management—Investments” below as well as Item 1A, “Risk Factors—Other Business Risks—Our results of operations may be affected by fluctuations in the fair value of positions held in our investment portfolios” in our Form 10-K.

Assets Under Management

AUM primarily consists of debt and equity instruments, which have a value that is readily available based on either prices quoted on a recognized exchange or prices provided by external pricing services.

Prices of equity and debt securities and other instruments that comprise our AUM are provided by well-recognized, independent, third-party vendors. Such third-party vendors rely on prices provided by external pricing services which are obtained from recognized exchanges or markets, or, for certain fixed income securities, from an evaluated bid or other similarly sourced price.

Either directly, or through our third-party vendors, we perform a variety of regular due diligence procedures on our pricing service providers. Those procedures include oversight by our internal operations group, review of the pricing service providers’ internal control frameworks, review of the pricing service providers’ valuation methodologies, reconciliation to client custodial account values and comparison of significant pricing differences.

Goodwill

In accordance with current accounting guidance, goodwill has an indefinite life and is tested for impairment annually, as of November 1, or more frequently if circumstances indicate impairment may have occurred. The Company performs a qualitative evaluation about whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount in lieu of actually calculating the fair value of the reporting unit. See Note 9 of Notes to Condensed Consolidated Financial Statements for additional information regarding goodwill.

Consolidation

The condensed consolidated financial statements include the accounts of Lazard Group and entities in which it has a controlling interest. Lazard determines whether it has a controlling interest in an entity by first evaluating whether the entity is a voting interest entity (“VOE”) or a variable interest entity (“VIE”) under U.S. GAAP.

- **Voting Interest Entities.** VOEs are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance itself independently and (ii) the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity’s activities. Lazard is required to consolidate a VOE if it holds a majority of the voting interest in such VOE.
- **Variable Interest Entities.** VIEs are entities that lack one or more of the characteristics of a VOE. If Lazard has a variable interest, or a combination of variable interests, in a VIE, it is required to analyze whether it needs to consolidate such VIE. Lazard is required to consolidate a VIE if we are the primary beneficiary having (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and (ii) the obligation to absorb losses of, or receive benefits from, the VIE that could be potentially significant to the VIE.

Lazard’s involvement with various entities that are VOEs or VIEs primarily arises from LFI investments and investment management contracts with fund entities in our Asset Management business. Lazard is not required to consolidate such entities because, with the exception of certain seed and LFI investments, as discussed below, we do not hold more than an inconsequential equity interest in such entities and we do not hold other variable interests (including our investment management agreements, which do not meet the definition of variable interests) in such entities.

Lazard makes seed and LFI investments in certain entities that are considered VOEs and VIEs and often require consolidation as a result of our investment. The impact of seed and LFI investment entities that require consolidation on the condensed consolidated financial statements, including any consolidation or deconsolidation of such entities, is not material to our financial statements. Our exposure to loss from entities in which we have made such investments is limited to the extent of our investment in, or investment commitment to, such entities. See “Critical Accounting Policies and Estimates—Investments” above for more information regarding our investments.

Generally, when the Company initially invests to seed an investment entity, the Company is the majority owner of the entity. Our majority ownership in seed investment entities represents a controlling interest, except when we are the general partner in such entities and the third-party investors have the right to replace the general partner. To the extent material, we consolidate seed and LFI investment entities in which we own a controlling interest, and we would deconsolidate any such entity when we no longer have a controlling interest in such entity.

Risk Management

Investments

The Company has investments in a variety of asset classes, primarily debt and equity securities, and interests in alternative investments, debt, equity and private equity funds. The Company makes investments primarily to seed strategies in our Asset Management business or to reduce exposure arising from LFI and other similar deferred compensation arrangements. The Company measures its net economic exposure to market and other risks arising from investments that it owns, excluding (i) investments held in connection with LFI and other similar deferred compensation arrangements, (ii) investments in funds owned entirely by the noncontrolling interest holders of certain acquired entities and (iii) interest-bearing deposits with maturities over 90 days that allow daily withdrawals without principal penalties.

Risk sensitivities include the effects of economic hedging. For equity market price risk, investment portfolios and their corresponding hedges are beta-adjusted to the All-Country World equity index. Fair value and sensitivity measurements presented herein are based on various portfolio exposures at a particular point in time and may not be representative of future results. Risk exposures may change as a result of ongoing portfolio activities and changing market conditions, among other things.

Equity Market Price Risk—At June 30, 2020 and December 31, 2019, the Company’s exposure to equity market price risk in its investment portfolio, which primarily relates to investments in equity securities, equity funds and hedge funds, was approximately \$105 million and \$85 million, respectively. The Company hedges market exposure arising from a significant portion of our equity investment portfolios by entering into total return swaps. The Company estimates that a hypothetical 10% adverse change in market

prices would result in a net decrease of approximately \$0.1 million and \$1.0 million in the carrying value of such investments as of June 30, 2020 and December 31, 2019, respectively, including the effect of the hedging transactions.

Interest Rate/Credit Spread Risk—At June 30, 2020 and December 31, 2019, the Company’s exposure to interest rate and credit spread risk in its investment portfolio related to investments in debt securities or funds which invest primarily in debt securities was \$47 million and \$153 million, respectively. The Company hedges market exposure arising from a portion of our debt investment portfolios by entering into total return swaps. The Company estimates that a hypothetical 100 basis point adverse change in interest rates or credit spreads would result in a decrease of approximately \$1.1 million and \$1.0 million in the carrying value of such investments as of June 30, 2020 and December 31, 2019, respectively, including the effect of the hedging transactions.

Foreign Exchange Rate Risk—At June 30, 2020 and December 31, 2019, the Company’s exposure to foreign exchange rate risk in its investment portfolio, which primarily relates to investments in foreign currency denominated equity and debt securities, was \$43 million and \$37 million, respectively. A significant portion of the Company’s foreign currency exposure related to our equity and debt investment portfolios is hedged through the aforementioned total return swaps. The Company estimates that a 10% adverse change in foreign exchange rates versus the U.S. Dollar would result in a decrease of approximately \$0.1 million and \$0.2 million in the carrying value of such investments as of June 30, 2020 and December 31, 2019, respectively, including the effect of the hedging transactions.

Private Equity—The Company invests in private equity primarily as a part of its co-investment activities and in connection with certain legacy businesses. At June 30, 2020 and December 31, 2019, the Company’s exposure to changes in fair value of such investments was approximately \$20 million and \$24 million, respectively. The Company estimates that a hypothetical 10% adverse change in fair value would result in a decrease of approximately \$2.0 million and \$2.4 million in the carrying value of such investments as of June 30, 2020 and December 31, 2019, respectively.

Risks Related to Receivables

We maintain an allowance for doubtful accounts to provide coverage for probable losses from our receivables. We determine the adequacy of the allowance by estimating the probability of loss based on our analysis of the client’s creditworthiness, among other things, and specifically provide for exposures where we determine the receivables are impaired. At June 30, 2020, total receivables amounted to \$652 million, net of an allowance for doubtful accounts of \$41 million. As of that date, Financial Advisory and Asset Management fees, and customers and other receivables comprised 80% and 20% of total receivables, respectively. At December 31, 2019, total receivables amounted to \$663 million, net of an allowance for doubtful accounts of \$27 million. As of that date, Financial Advisory and Asset Management fees, and customers and other receivables comprised 81% and 19% of total receivables, respectively. See also “Critical Accounting Policies and Estimates—Revenue Recognition” above and Note 4 of Notes to Condensed Consolidated Financial Statements for additional information regarding receivables.

LFB engages in lending activities, including commitments to extend credit (primarily for clients of LFG). At June 30, 2020 and December 31, 2019, customer receivables included \$81 million and \$76 million, respectively, of LFB loans, with such loans being fully collateralized and closely monitored for counterparty creditworthiness.

Credit Concentrations

To reduce the exposure to concentrations of credit, the Company monitors large exposures to individual counterparties.

Risks Related to Derivatives

Lazard enters into forward foreign currency exchange contracts and interest rate swaps to hedge exposures to currency exchange rates and interest rates and uses total return swap contracts on various equity and debt indices to hedge a portion of its market exposure with respect to certain seed investments related to our Asset Management business. Derivative contracts are recorded at fair value. Derivative assets amounted to \$7 million and \$1 million at June 30, 2020 and December 31, 2019, respectively, and derivative liabilities, excluding the derivative liability arising from the Company’s obligation pertaining to LFI and other similar deferred compensation arrangements, amounted to \$1 million and \$10 million at such respective dates.

The Company also records derivative liabilities relating to its obligations pertaining to LFI awards and other similar deferred compensation arrangements, the fair value of which is based on the value of the underlying investments, adjusted for estimated forfeitures. Changes in the fair value of the derivative liabilities are equally offset by the changes in the fair value of investments which are expected to be delivered upon settlement of LFI awards. Derivative liabilities relating to LFI amounted to \$275 million and \$226 million at June 30, 2020 and December 31, 2019, respectively.

Risks Related to Cash and Cash Equivalents and Corporate Indebtedness

A significant portion of the Company's indebtedness has fixed interest rates, while its cash and cash equivalents generally have market interest rates. Based on account balances as of June 30, 2020, Lazard estimates that its annual operating income relating to cash and cash equivalents would increase by approximately \$9 million in the event interest rates were to increase by 1% and decrease by approximately \$9 million if rates were to decrease by 1%.

As of June 30, 2020, the Company's cash and cash equivalents totaled approximately \$897 million. Substantially all of the Company's cash and cash equivalents were invested in (i) highly liquid institutional money market funds (a significant majority of which were invested solely in U.S. Government or agency money market funds), (ii) in short-term interest bearing and non-interest bearing accounts at a number of leading banks throughout the world, and (iii) in short-term certificates of deposit from such banks. Cash and cash equivalents are constantly monitored. On a regular basis, management reviews its investment profile as well as the credit profile of its list of depositor banks in order to adjust any deposit or investment thresholds as necessary.

Operational Risk

Operational risk is inherent in all of our businesses and may, for example, manifest itself in the form of errors, breaches in the system of internal controls, employee misconduct, business interruptions, fraud, including fraud perpetrated by third parties, or legal actions due to operating deficiencies or noncompliance. The Company maintains a framework including policies and a system of internal controls designed to monitor and manage operational risk and provide management with timely and accurate information. Management within each of the operating companies is primarily responsible for its operational risk programs. The Company has in place business continuity and disaster recovery programs that manage its capabilities to provide services in the case of a disruption. We purchase insurance policies designed to help protect the Company against accidental loss and losses that may significantly affect our financial objectives, personnel, property or our ability to continue to meet our responsibilities to our various stakeholder groups.

Recent Accounting Developments

For a discussion of recently issued accounting developments and their impact or potential impact on Lazard's consolidated financial statements, see Note 2 of Notes to Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

Quantitative and qualitative disclosures about market risk are included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management".

Item 4. Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this quarterly report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this quarterly report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during our most recent fiscal quarter that has materially affected, or is likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved from time to time in judicial, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required accrual if a loss is probable and the amount of such loss can be reasonably estimated. The Company experiences significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company's earnings in any particular fiscal quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

Item 1A. Risk Factors

In addition to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the risk factor set forth below updates the risk factor previously disclosed in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020.

Our business, financial condition and results of operations could be materially adversely affected by the COVID-19 pandemic.

The recent outbreak of a novel strain of coronavirus ("COVID-19") is now affecting the global community and our business, financial condition and results of operations. The nature and severity of the impact is highly uncertain, and the extent to which COVID-19 affects our operations and heightens the risks described in the section entitled "Risk Factors" in our Form 10-K will depend largely on future developments, including the course of the pandemic and the extent of actions that have been or may be taken to contain or address its impact. These actions, many of which have already been implemented in various jurisdictions worldwide, include, but are not limited to, declarations of states of emergency, business closures (including the complete or partial closure of many of our offices), restrictions on businesses' ability to pay dividends or make distributions, restrictions on in-person meetings and travel, or other similar restrictions and limitations. While such actions may be, or have been, relaxed or suspended, they may also be reinstated as the pandemic continues to evolve, and the relaxation or suspension of such actions may not be successful in restarting economic activity. The scope and timing of any such actions or reinstatements is difficult to predict.

Moreover, the COVID-19 pandemic has adversely affected the economies in impacted countries and regions, including those in which our businesses operate, and the global financial markets, including the global debt and equity capital markets, which are experiencing, and may continue to experience, significant volatility. The pandemic has led to an economic downturn, including a sharp drop in aggregate demand and, particularly in the U.S., a high level of unemployment, that could adversely affect our business, financial condition and results of operations and could have a negative impact on our Financial Advisory and Asset Management businesses. Disruptions to, and volatility in, the global financial markets as a result of the COVID-19 pandemic may result in a decrease in the volume and value of M&A transactions, thereby reducing the demand for our Financial Advisory services and increasing price competition among financial services companies seeking such engagements, which may adversely affect our financial condition and results of operations. Those same market disruptions may result in a decrease in our AUM resulting in lower investment advisory fees for our Asset Management business, may also affect our ability to effect transactions for our Asset Management clients and may negatively impact the liquidity of the assets held in our client portfolios. Furthermore, any such disruptions to the global financial markets may affect our ability to incur debt or issue equity on acceptable terms, or at all, to fund our working capital requirements or refinance existing indebtedness, or to make acquisitions and other investments. Additionally, we have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients. Many of these transactions expose us to credit risk in the event our counterparty or client defaults, which defaults could become more frequent or widespread due to the impact of the COVID-19 pandemic.

Our efforts to mitigate the impact of the COVID-19 pandemic have required, and will continue to require, a significant investment of time and resources across our businesses. In response to recommendations or orders by governmental institutions limiting certain business or commercial activities in jurisdictions in which we operate around the world, we have taken, and may take further, preventative or protective actions, including instituting policies requiring employees who are capable of performing their functions remotely to do so. These arrangements may result in reduced productivity and limitations on the ability of our managing directors and employees to communicate or interact, which may adversely impact our business, financial condition and results of operations. Furthermore, given the unprecedented number of employees performing their functions remotely, we have reinforced policies, procedures and guidelines that we believe are reasonably designed to protect the confidentiality of our and our clients' confidential information, but there can be no assurance that these measures will be adequate. Any unauthorized disclosure of such information could result in legal action, regulatory sanctions and reputational or financial harm.

Similarly, due to the unprecedented number of employees continuously deploying the remote working capabilities of our information systems, including on home networks or through increased use of mobile technologies, we face a heightened risk of operational interruptions and security breaches involving such systems. Additionally, such home and mobile technology resources could be more susceptible to interruptions and security breaches than our dedicated business resources. There can be no assurance that protective measures and policies we have instituted in an effort to reduce the likelihood and severity of such interruptions and breaches, including as a result of cyber attacks, will be adequate. For additional information regarding operational risks with respect to our businesses, which may be exacerbated by COVID-19 and the associated actions taken to contain or address its impact, see the Risk Factors entitled “A failure in or breach of our information systems or infrastructure, or those of third parties with which we do business, including as a result of cyber attacks, could disrupt our businesses, lead to reputational harm and legal liability or otherwise impact our ability to operate our business” in our Form 10-K.

Certain of our third party vendors or service providers may take, have taken or may take further preventative or protective actions, including instituting policies requiring their respective employees who are capable of performing their functions remotely to do so and implementing or expanding back-up procedures and capabilities, and may be experiencing a growing demand for their services. Any failure of or interruption to their systems or any back-up procedures and capabilities as a result of such actions or such growth in demand could materially adversely affect our business, financial condition and results of operations. For additional information risks related to our reliance on vendor systems, see the Risk Factor entitled “Other operational risks may disrupt our businesses, result in regulatory action against us or limit our growth” in our Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Repurchases of Equity Securities

The following table sets forth information regarding Lazard’s purchases of its common stock on a monthly basis during the second quarter of 2020. Share repurchases are recorded on a trade date basis.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 – April 30, 2020				
Share Repurchase Program (1)	-	\$ -	-	\$ 305.6 million
Employee Transactions (2)	5,934	\$ 32.67	-	-
May 1 – May 31, 2020				
Share Repurchase Program (1)	-	\$ -	-	\$ 305.6 million
Employee Transactions (2)	47,277	\$ 24.83	-	-
June 1 – June 30, 2020				
Share Repurchase Program (1)	-	\$ -	-	\$ 305.6 million
Employee Transactions (2)	109,848	\$ 26.92	-	-
Total				
Share Repurchase Program (1)	-	\$ -	-	\$ 305.6 million
Employee Transactions (2)	163,059	\$ 26.52	-	-

(1) Since 2018 and through the six months ended June 30, 2020, the Board of Directors of Lazard authorized the repurchase of common stock as set forth in the table below.

Date	Repurchase Authorization (\$ in thousands)	Expiration
April 2018	\$ 300,000	December 31, 2020
October 2018	\$ 300,000	December 31, 2020
February 2019	\$ 300,000	December 31, 2020
October 2019	\$ 300,000	December 31, 2021

A significant portion of the Company's purchases under the share repurchase program are used to offset a portion of the shares that have been or will be issued under the 2008 Plan and the 2018 Plan. Purchases under the share repurchase program may be made in the open market or through privately negotiated transactions. The rate at which the Company purchases shares in connection with the share repurchase program may vary from quarter to quarter due to a variety of factors. Amounts shown in this line item include repurchases of common stock and exclude the shares of common stock withheld by the Company to meet the minimum statutory tax withholding requirements as described below.

- (2) Under the terms of the 2008 Plan and the 2018 Plan, upon the vesting of RSUs, PRSUs, DSUs and delivery of restricted common stock, shares of common stock may be withheld by the Company to meet the minimum statutory tax withholding requirements. During the three month period ended June 30, 2020, the Company satisfied such obligations in lieu of issuing (i) 111,595 shares of common stock upon the vesting or settlement of 424,120 RSUs and PRSUs and (ii) 51,464 shares of common stock upon the vesting of 188,606 shares of restricted common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

PART IV

Item 6. Exhibits

- 3.1 Certificate of Incorporation and Memorandum of Association of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on March 21, 2005).
- 3.2 Certificate of Incorporation on Change of Name of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on March 21, 2005).
- 3.3 Amended and Restated Bye-Laws of Lazard Ltd (incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
- 3.4 First Amendment to Amended and Restated Bye-Laws of Lazard Ltd (incorporated by reference to Exhibit 3.4 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 9, 2008).
- 3.5 Second Amendment to the Amended and Restated Bye-Laws of Lazard Ltd (incorporated by reference to Exhibit 3.5 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on April 30, 2010).
- 4.1 Form of Specimen Certificate for Class A common stock (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on April 11, 2005).
- 4.2 Indenture, dated as of May 10, 2005, by and between Lazard Group LLC and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 to Lazard Group LLC's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
- 4.3 Sixth Supplemental Indenture, dated as of February 13, 2015, between Lazard Group LLC and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on February 13, 2015).
- 4.4 Seventh Supplemental Indenture, dated as of November 4, 2016, between Lazard Group LLC and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on November 7, 2016).
- 4.5 Eighth Supplemental Indenture, dated as of September 19, 2018, between Lazard Group LLC and the Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on September 19, 2018).
- 4.6 Ninth Supplemental Indenture, dated as of March 11, 2019, between Lazard Group LLC and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on March 11, 2019).
- 4.7 Form of Senior Note (included in Exhibits 4.3, 4.4, 4.5, and 4.6).
- 10.1 Amended and Restated Operating Agreement of Lazard Group LLC, dated as of February 4, 2019 (incorporated by reference to Exhibit 99.1 to Registrant's Current Report (File No. 001-32492) on Form 8-K filed on February 5, 2019).
- 10.2 Second Amended and Restated Tax Receivable Agreement, dated as of October 26, 2015, by and among Ltd Sub A, Ltd Sub B and LTBP Trust (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on October 28, 2015).
- 10.3 Lease, dated as of January 27, 1994, by and between Rockefeller Center Properties and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.19 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on February 11, 2005).
- 10.4 Fourth Amendment dated as of February 16, 2011, by and among RCPI Landmark Properties, L.L.C. (as the successor in interest to Rockefeller Center Properties), RCPI 30 Rock 22234849, L.L.C. and Lazard Group LLC (as the successor in interest to Lazard Frères & Co. LLC), to the Lease dated as of January 27, 1994, by and among Rockefeller Center Properties and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.16 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on April 29, 2011).
- 10.5* Lazard Ltd 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on May 2, 2005).
- 10.6* Lazard Ltd 2008 Incentive Compensation Plan (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A (File No. 001-32492) filed on March 24, 2008).
- 10.7* Lazard Ltd 2016 French Sub-plan (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A (File No. 001-32492) filed on March 10, 2016).

- 10.8* Lazard Ltd 2018 Incentive Compensation Plan (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A (File No. 001-32492) filed on March 15, 2018).
- 10.9* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard Group LLC and Kenneth M. Jacobs (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on April 3, 2019).
- 10.10* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard Group LLC and Ashish Bhutani (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on April 3, 2019).
- 10.11* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard Group LLC and Scott D. Hoffman (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on April 3, 2019).
- 10.12* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard Group LLC and Evan L. Russo (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed April 3, 2019).
- 10.13* Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard Group LLC and Alexander F. Stern (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on April 3, 2019).
- 10.14* Form of Award Letter for Annual Grant of Deferred Stock Units to Non-Executive Directors (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on September 8, 2005).
- 10.15* Form of Agreement evidencing a grant of Restricted Stock Units to Executive Officers under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.41 to the Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
- 10.16* Form of Agreement evidencing a grant of Deferred Cash Award to Executive Officers (incorporated by reference to Exhibit 10.42 to the Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
- 10.17* Directors' Fee Deferral Unit Plan (incorporated by reference to Exhibit 10.39 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 11, 2006).
- 10.18 Amended and Restated Credit Agreement, dated as of July 22, 2020, among Lazard Group LLC, the Banks from time to time parties thereto, and Citibank, N.A., as Administrative Agent.
- 10.19* Form of Agreement evidencing a grant of Lazard Fund Interests to Named Executive Officers (incorporated by reference to Exhibit 10.55 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 1, 2013).
- 10.20* Form of Agreement evidencing a February 20, 2014 grant of Performance-Based Stock Units under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.55 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed May 6, 2014).
- 10.21* Agreement between the Company and Kenneth M. Jacobs, dated as of February 20, 2014, evidencing a grant of Performance-Based Stock Units under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.56 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 6, 2014).
- 10.22* Form of Agreement evidencing a grant of Restricted Stock under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.55 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on April 30, 2010).
- 10.23* Form of Agreement evidencing a grant of Lazard Fund Interests (incorporated by reference to Exhibit 10.55 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on April 29, 2011).

10.24*	Form of Agreement for Performance-Based Profits Interest Participation Right Units under the 2018 Incentive Compensation Plan (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on April 30, 2019).
31.1	Rule 13a-14(a) Certification of Kenneth M. Jacobs.
31.2	Rule 13a-14(a) Certification of Evan L. Russo.
32.1	Section 1350 Certification for Kenneth M. Jacobs.
32.2	Section 1350 Certification for Evan L. Russo.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 4, 2020

LAZARD LTD

By: /s/ Evan L. Russo
Name: Evan L. Russo
Title: Chief Financial Officer

By: /s/ Dominick Ragone
Name: Dominick Ragone
Title: Chief Accounting Officer

\$200,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

among

LAZARD GROUP LLC,
as Borrower,

The Several Banks from Time to Time Party Hereto,

and

CITIBANK, N.A.,
as Administrative Agent

Dated as of July 22, 2020

CITIBANK, N.A.,
as Lead Arranger and Bookrunner

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SCHEDULES:

- Schedule 1.1A -Commitments
- Schedule 1.1B -Rating Agencies
- Schedule 7.2 -Existing Indebtedness and Existing Liens

EXHIBITS:

- Exhibit A -Form of Revolving Credit Note
- Exhibit B-1 -Form of Opinion of Cravath, Swaine & Moore LLP, Counsel to the Company
- Exhibit B-2 -Form of Opinion of General Counsel to the Company
- Exhibit B-3 -Form of Opinion of Wilmer Cutler Pickering Hale and Dorr LLP
- Exhibit C -Form of Assignment and Assumption
- Exhibit D -Form of Compliance Certificate
- Exhibit E -Form of U.S. Tax Compliance Certificate
- Exhibit F-1 -Increased Facility Activation Notice
- Exhibit F-2 -New Bank Supplement

AMENDED AND RESTATED CREDIT AGREEMENT, dated as of July 22, 2020, among LAZARD GROUP LLC, a Delaware limited liability company (the “Company”), the several Banks, financial institutions or other entities from time to time party hereto, and CITIBANK, N.A., a national banking association (“Citibank”), as administrative agent for the Banks hereunder.

W I T N E S S E T H :

WHEREAS, the Company entered into that certain Credit Agreement, dated as of September 25, 2015, between the Company, the Administrative Agent and the several banks from time to time party thereto (the “Existing Lenders”) (as amended, supplemented or modified from time to time prior to the date hereof, the “Existing Credit Agreement”); and

WHEREAS, subject to and on the terms and conditions set forth herein, the parties thereto wish to amend and restate the Existing Credit Agreement in its entirety upon the terms and conditions set forth herein, with the Existing Credit Agreement, as so amended and restated, and as may be further amended, restated, supplemented or otherwise modified, being hereinafter referred to as the “Agreement”;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Existing Lenders, the Administrative Agent and the Company agree that the Existing Credit Agreement is hereby amended and restated as of the Restatement Effective Date (as hereinafter defined) to read in its entirety as follows, and the several other Banks agree to enter into this Agreement as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

“Act”: the Securities and Exchange Act of 1934, as amended from time to time.

“Additional Assets”: Capital Stock of an entity primarily engaged in or related to, or property used or useful in, the investment banking or asset management businesses engaged in by the Company on the date hereof.

“Adjustment Date”: as defined in the Pricing Grid.

“Administrative Agent”: Citibank, in its capacity as administrative agent for the Banks hereunder, and its successors in such capacity.

“Affected Financial Institution”: (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate”: any Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, the Company. For purposes of this definition, a Person shall be deemed to be “controlled by” the Company if the Company possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“Agreement”: as defined in the Preamble.

“Applicable Margin”: the Applicable Margin will be determined in accordance with the Pricing Grid.

“Assignee”: as defined in Section 12.7(b)(i).

“Assignment and Assumption”: an agreement substantially in the form of Exhibit C.

“Available Commitment”: as to each Bank, at a particular time, an amount equal to the difference between (a) the amount of such Bank’s Commitment and (b) the aggregate outstanding principal amount of Loans made by such Bank (after giving effect to any simultaneous repayment of Loans at such time); collectively, as to the Banks, the “Available Commitments”.

“Bail-In Action”: the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation”: (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Banks”: Citibank, State Street Bank and Trust Company, The Bank of New York Mellon, HSBC Bank USA, N.A., and The Northern Trust Company, as parties to this Agreement, and permitted assignees pursuant to subsection 12.7 (individually, a “Bank”).

“Base Rate”: for any day, a fluctuating rate per annum equal to the highest of (a) the Fed Rate in effect on such day plus 1/2 of 1.00%, (b) the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its prime rate, and (c) the Eurodollar Rate for a Loan denominated in Dollars with an Interest Period of one month commencing on such day plus 1.00%. For the purposes of clause (b) above, the prime rate is a rate set by the Administrative Agent based upon various factors, including the Administrative Agent’s costs and desired return, general economic

conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by the Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan”: a Loan that bears interest based on the Base Rate.

“Basel III”: the consultative papers of The Basel Committee on Banking Supervision of December 2009 entitled “Strengthening the resilience of the banking sector” and “International framework for liquidity risk measurement, standards and monitoring”, in each case together with any amendments thereto.

“Benchmark Replacement”: the sum of: (a) the alternate benchmark rate (which may be based on the secured overnight financing rate) that has been selected by the Administrative Agent and the Company giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body and/or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the Eurodollar Base Rate for Dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment”: with respect to any replacement of the Eurodollar Base Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Company giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Eurodollar Base Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Eurodollar Base Rate with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes”: with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent reasonably determines, in consultation with the Company, may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent reasonably determines that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent reasonably determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date”: the earlier to occur of the following events with respect to the Eurodollar Base Rate:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Eurodollar Base Rate permanently or indefinitely ceases to provide the Eurodollar Base Rate; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event”: the occurrence of one or more of the following events with respect to the Eurodollar Base Rate:

(1) a public statement or publication of information by or on behalf of the administrator of the Eurodollar Base Rate announcing that such administrator has ceased or will cease to provide the Eurodollar Base Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Eurodollar Base Rate;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Eurodollar Base Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the Eurodollar Base Rate, a resolution authority with jurisdiction over the administrator for the Eurodollar Base Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Eurodollar Base Rate, which states that the administrator of the Eurodollar Base Rate has ceased or will cease to provide the Eurodollar Base Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Eurodollar Base Rate; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Eurodollar Base Rate announcing that the Eurodollar Base Rate is no longer representative.

“Benchmark Transition Start Date”: (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent (or, in the event such Early Opt-in Election has occurred as a result of a determination or election by the Company, the Administrative Agent and the Company) or the Required Lenders, as applicable, by notice to the Company, the Administrative Agent (in the case of such notice by the Required Lenders) and the Banks.

“Benchmark Unavailability Period”: if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Eurodollar Base Rate and solely to the extent that the Eurodollar Base Rate has not been replaced with a

Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the Eurodollar Base Rate for all purposes hereunder in accordance with Section 2.14 and (y) ending at the time that a Benchmark Replacement has replaced the Eurodollar Base Rate for all purposes hereunder pursuant to Section 2.14.

“Beneficial Ownership Certification”: a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation”: 31 C.F.R. § 1010.230.

“Benefited Bank”: as defined in Section 12.8(a).

“Board”: the Board of Governors of the Federal Reserve System, or any successor entity to the functions of the Board of Governors of the Federal Reserve System.

“Board of Directors”: as to any Person, the board of directors or managers, as applicable, of such Person (or, if such Person is a partnership, the board of directors or other governing body of the general partner of such Person) or any duly authorized committee thereof.

“Borrowing Date”: any Business Day on which the Banks make Loans hereunder, as specified in a notice pursuant to Section 2.6 or Section 2.7.

“Broker-Dealer Indebtedness”: Indebtedness of the Subsidiaries of the Company which are registered broker-dealers.

“Business Combination”: as defined in Section 7.4.

“Business Day”: a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; provided, that when such term is used to describe a day on which a borrowing, payment or interest rate determination is to be made in respect of a Eurodollar Loan, or the first day or last day of an Interest Period in respect of a Eurodollar Loan, a Business Day must also be a day on which commercial banks are open for dealings in Dollar deposits in London.

“Capital Lease Obligations”: as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, subject to Section 1.2(b), and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP, subject to Section 1.2(b). Notwithstanding the foregoing, all leases of any Person that would have been treated as operating leases for purposes of GAAP on September 25, 2015 (regardless of whether such lease was in effect on such date or amended, modified or otherwise supplemented after such date) shall be accounted for as operating leases (and not as capital leases) for purposes of this Agreement regardless of any change to GAAP following September 25, 2015 which would otherwise require such leases to be treated as capital leases.

“Capital Stock”: any and all shares and interests (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing but excluding any profit participation interests.

“Cash Equivalents”: (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any Bank or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than \$500,000,000; (c) commercial paper of an issuer rated at least A-1 by S&P or carrying an equivalent rating by any rating agency set forth on Schedule 1.1B or any nationally recognized rating agency, if S&P and all the rating agencies on Schedule 1.1B cease publishing ratings of commercial paper issues generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any Bank or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A- by S&P or carry an equivalent rating by any rating agency set forth on Schedule 1.1B or any nationally recognized rating agency; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Bank or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; or (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and carry an equivalent rating by any rating agency set forth on Schedule 1.1B and (iii) have portfolio assets of at least \$5,000,000,000.

“Change in Control”: (a) the acquisition by any individual or group (other than the Managing Directors, or, in the case of the Company, Holdings or its controlled affiliates) of beneficial ownership of more than 50% of either (i) the then-outstanding shares of Holdings Capital Stock, (ii) the then-outstanding shares of Company Capital Stock or (iii) the combined voting power of the then-outstanding voting securities of the Company (if applicable) or Holdings entitled to vote generally in the election of directors (other than, for the purposes of this clause (a), any acquisition that would otherwise be a Change in Control under this clause (a) pursuant to which the Company and Holdings become Subsidiaries of another person (such person, the “Parent Company”) and such Parent Company shall not have an individual or group having beneficial ownership of more than 50% of the Capital Stock of the Parent Company generally entitled to elect the

directors of the Parent Company) or (b) failure of Holdings to beneficially own or be entitled to exercise, directly or indirectly, the right (whether by contract, limited liability company agreement, bylaws, agreement or otherwise) to elect a majority of the Board of Directors of the Company.

“Citibank”: as defined in the Preamble.

“Code”: the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

“Commitment”: as to each Bank, its obligation to make Loans to the Company in an aggregate principal amount not to exceed the amount set forth opposite such Bank’s name on Schedule 1.1A; collectively, as to the Banks, the “Commitments”.

“Commitment Fee Rate”: the Commitment Fee Rate will be determined in accordance with the Pricing Grid.

“Commitment Percentage”: as to each Bank, the percentage of the amount of the aggregate Commitments constituted by the amount of such Bank’s Commitment.

“Commitment Period”: on any date of determination thereof, the period from and including the Restatement Effective Date to but not including the earlier to occur of (a) the Maturity Date or (b) such other date as the Commitments shall terminate as provided herein.

“Common Interest”: as defined in the operating agreement of the Company or any other Capital Stock of the Company which shall replace the Common Interest.

“Commonly Controlled Entity”: an entity, whether or not incorporated, which is under common control with the Company within the meaning of Section 4001(a)(14) of ERISA or is part of a group that includes the Company and that is treated as a single employer under Section 414(b) or (c) of the Code.

“Communications”: as defined in Section 12.2(b).

“Company”: as defined in the Preamble.

“Company Capital Stock”: the Common Interests of the Company.

“Consolidated Adjusted EBITDA”: for any period, an amount determined for the Company and its Subsidiaries on a consolidated basis equal to (a) the sum, without duplication, of the amounts for such period of (i) Consolidated Net Income, (ii) Consolidated Interest Expense, (iii) provisions for taxes based on income plus tax distributions in accordance with the Company’s operating agreement (computed on a cash basis), (iv) total depreciation expense, (v) total amortization expense (including, for the avoidance of doubt, (A) non-cash amortization related to performance-based restricted participation units and other equity awards of the Company and (B) non-cash amortization related to acquisitions and similar transactions) and (vi) other non-cash

expenses, fees, charges, reserves or losses reducing Consolidated Net Income (excluding any such non-cash item otherwise included in this clause (vi) to the extent that such item represents an accrual or reserve for potential cash items in any future period or amortization of a prepaid cash item that was paid in a prior period (other than severance or restructuring related expenses or charges, which shall be added back)); minus (b) non-cash items increasing Consolidated Net Income for such period (excluding any such non-cash items to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period).

“Consolidated Interest Coverage Ratio”: for any period, the ratio of (a) Consolidated Adjusted EBITDA for such period to (b) Consolidated Interest Expense for such period.

“Consolidated Interest Expense”: for any period, total cash interest expense (including that attributable to Capital Lease Obligations, but excluding debt issuance costs and similar charges and any amortization thereof) of the Company and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Company and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing); less (i) interest income on marketable securities, and (ii) in the case of Broker-Dealer Indebtedness (including that of LFNY) and the Indebtedness of Lazard Frères Banque, interest income related to such Indebtedness. Consolidated Interest Expense shall not include the portion of the payments due under the terms of “mandatory” convertible or “mandatory” exchangeable securities (it being understood that such exchangeable securities refers to securities exchangeable into equity) representing contract adjustment payments (including interest accretion on the contract adjustment payment related liability) or the interest accruals under the Paris Profit Sharing Plan.

“Consolidated Leverage Ratio”: as at the last day of any fiscal quarter, the ratio of (a) Consolidated Total Debt on such day to (b) Consolidated Adjusted EBITDA for the period of four consecutive fiscal quarters then ended.

“Consolidated Net Income”: for any period, the net income (or loss) of the Company and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP; provided, that there shall be excluded (a) any net after-tax extraordinary or nonrecurring or unusual gains, losses, expenses or charges, including without limitation those attributable to business dispositions, asset dispositions (other than in the ordinary course of business), discontinued operations and the early extinguishment of indebtedness, (b) any fees, expenses or charges related to any offering of equity interests or debt of any kind or related to any acquisition or merger or similar transaction (whether or not successful), including any fees, expenses, charges or change in control payments related to such transaction, (c) the impact of any cumulative change in accounting principles during the applicable period, (d) any non-cash impairment charge or asset write off resulting from the application of SFAS 142 and 144, and the amortization of intangibles arising pursuant to SFAS 141 and (e) any non-cash expenses realized or resulting from employee benefit plans or post-employment benefit plans, grants of restricted stock, restricted stock units,

performance-based restricted stock units, stock appreciation rights, stock options, Lazard fund interests or other rights, or one-time non-cash compensation charges (including any cash expenditure for the acquisition of equity interests of Holdings to be so granted to the extent that Holdings or any of its subsidiaries contributes to or otherwise invests in the equity of the Company a corresponding amount of cash). For all purposes of this Agreement, Consolidated Net Income shall be reduced by an amount equal to the tax distributions (computed on a cash basis) in accordance with the Company's operating agreement.

"Consolidated Total Debt": at any date, the aggregate principal amount of all Indebtedness of the Company and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP; provided that, without duplication, "Consolidated Total Debt" shall not include (a) the Indebtedness of Lazard Frères Banque or any Broker-Dealer Indebtedness (including that of LFNY) (other than Broker-Dealer Indebtedness that is included in the calculation used to determine the capital requirements of any of the Company's Subsidiaries) or (b) up to \$250,000,000 aggregate principal amount of any Subordinated Indebtedness. Notwithstanding anything to the contrary herein, Consolidated Total Debt shall not include any Indebtedness ("Subject Debt") outstanding on any determination date which is to be refinanced with the proceeds of previously incurred refinancing Indebtedness that is included in Consolidated Total Debt on such date or with other proceeds available to the Company or its Subsidiaries (collectively, the "Refinancing Proceeds"); provided that a notice of redemption of, or an offer to purchase, such Subject Debt has been given or made (and, in the case of an offer to purchase, not withdrawn) on or prior to such date and the applicable Refinancing Proceeds have been irrevocably deposited in a trust or escrow account pursuant to documentation relating to such redemption of, or offer to purchase, the applicable Subject Debt.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Credit Documents": any of this Agreement, the Notes and all other certificates, documents, instruments or agreements executed and delivered by the Company for the benefit of the Administrative Agent and the Banks in connection herewith.

"Default": any of the events specified in Section 9, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Defaulting Lender": any Bank, as determined by the Administrative Agent, that has (a) failed to fund any portion of its Loans within three Business Days of the date required to be funded by it hereunder, (b) notified the Company, the Administrative Agent, or any Bank in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (c) failed, within three Business Days after request by the Administrative Agent, to confirm in writing that it will comply with

the terms of this Agreement relating to its obligations to fund prospective Loans, (d) otherwise failed to pay over to the Administrative Agent or any other Bank any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, or (e) (i) become or is insolvent or has a parent company that has become or is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debt as they become due, or makes a general assignment for the benefit of its creditors, or (ii) become the subject of a bankruptcy, insolvency, reorganization, liquidation, Bail-In Action or similar proceeding, or has had a receiver, conservator, trustee, administrator, intervenor, sequestrator, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or in the good faith determination of the Administrative Agent, has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy, insolvency reorganization, liquidation, Bail-In Action or similar proceeding, or has had a receiver, conservator, trustee, administrator, intervenor, sequestrator, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to or acquiescence in any such proceeding or appointment. Any determination by the Administrative Agent that a Bank is a Defaulting Lender under any of clauses (a) through (e) above will be conclusive and binding absent manifest error, and such Bank will be deemed to be a Defaulting Lender (subject to Section 2.19(c)) upon notification of such determination by the Administrative Agent to the Company and the Banks.

“Designated Asset Sale”: the sale, transfer or other disposition of any Capital Stock of any Designated Subsidiary, or issuance of any Capital Stock of any Designated Subsidiary, in each case to a Person other than the Company or a Wholly Owned Subsidiary of the Company.

“Designated Subsidiary”: each of LFNY, Lazard Asset Management LLC, Lazard & Co., Limited and Compagnie Financière Lazard Frères SAS and each of their respective successors.

“Disposition Amount”: as defined in Section 2.18.

“Dodd-Frank”: the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203 (2010).

“Dollars” and “\$”: dollars in lawful currency of the United States.

“Early Opt-in Election”: the occurrence of:

(a) (i) a determination by the Administrative Agent or the Company (as notified to the Administrative Agent) or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Company) that the Required Lenders have determined that Dollar-denominated syndicated credit facilities being executed at such

time, or that include language similar to that contained in Section 2.14 are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the Eurodollar Base Rate, and

(b) (i) the election by the Administrative Agent or the Company or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Company and the Banks, by the Company of written notice of such election to the Administrative Agent, or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution”: (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country”: any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority”: any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“ERISA”: the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the Restatement Effective Date and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“EU Bail-In Legislation Schedule”: the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Eurocurrency Reserve Requirements”: for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

“Eurodollar Base Rate”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on the Reuters Screen LIBOR01 Page as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on the Reuters Screen LIBOR01 Page (or otherwise on such screen), the “Eurodollar Base Rate” shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein; provided that if such rate shall be less than zero, such rate shall be deemed to be zero.

“Eurodollar Loan”: a Loan the rate of interest applicable to which is based upon the Eurodollar Rate.

“Eurodollar Rate”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

“Eurodollar Tranche”: the collective reference to Eurodollar Loans with then current Interest Periods that begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“Event of Default”: any of the events specified in Section 9, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Exchange”: the New York Stock Exchange, Inc.

“Existing Credit Agreement”: as defined in the Preamble.

“Existing Lenders”: as defined in the Preamble.

“Fair Market Value”: with respect to any asset or property, the price that would be negotiated in an arm’s-length transaction between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction.

“FATCA”: Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official

interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code or any intergovernmental agreements entered into by the United States in connection with the implementation of such Sections of the Code (or any such amended or successor version thereof) and any law, regulation, rule, promulgation, or official agreement implementing such an intergovernmental agreement.

“FCPA”: the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

“Federal Reserve Bank of New York’s Website”: the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Federal Reserve Board”: the Board of Governors of the Federal Reserve System of the United States of America.

“Fed Rate”: for any day, the rate calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the Federal Reserve Bank of New York’s Website from time to time, and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the effective federal funds rate; provided that if such rate shall be less than zero, such rate shall be deemed to be zero.

“Fee Letter”: the Fee Letter dated as of June 24, 2020, among the Lead Arranger, the Administrative Agent and the Company.

“Foreign Plan”: each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to U.S. law and is maintained or contributed to (or within the past six years has been maintained or contributed to) by the Company, any of its Significant Subsidiaries or any Commonly Controlled Entity.

“GAAP”: generally accepted accounting principles in the United States.

“Governmental Authority”: any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Guarantee Obligation”: as to any Person (the “guaranteeing person”), any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing Person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any letter of credit) that guarantees or in effect guarantees, any Indebtedness (the “primary obligations”) of any other third Person (the “primary obligor”) in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the

primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include assurances given in the ordinary course of business for the payment of obligations of customers or suppliers of the Company or any Subsidiary, customary indemnifications, representations and warranties made in connection with purchases, sales or leasing of property or assets or issuances of securities, endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (1) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (2) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Company in good faith.

"Holdings": Lazard Ltd.

"Holdings Capital Stock": the Class A common stock, par value \$.01 per share, of Holdings.

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) (i) all obligations of such Person of the kind referred to in clauses (a) through (f) above that are mandatorily convertible or exchangeable into Capital Stock of such Person (but solely prior to any conversion or exchange, unless otherwise constituting Indebtedness after giving effect to such conversion or exchange) and (ii) all "mandatory" redeemable preferred Capital Stock of such Person, (h) the amount then outstanding under any Receivables Financing, (i) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (h) above, and (j) all obligations of the kind referred to in clauses (a) through (i) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment

of such obligation. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is directly liable therefor as a result of such Person's ownership interest in such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor. Notwithstanding anything to the contrary herein, Indebtedness shall exclude, for the avoidance of doubt, deposits or other funds held by Subsidiaries that are regulated banks or registered broker-dealers for the benefit of, or owed to, their customers in the ordinary course of business.

“Increased Facility Activation Notice”: a notice substantially in the form of Exhibit F-1.

“Increased Facility Closing Date”: any Business Day designated as such in an Increased Facility Activation Notice.

“Incremental Commitments”: as defined in Section 2.21(a)

“Incremental Loans”: as defined in Section 2.21(a)

“Indemnified Liabilities”: as defined in Section 12.5.

“Indemnitee”: as defined in Section 12.5.

“Insolvency”: with respect to any Multiemployer Plan, the condition that such plan is insolvent within the meaning of Section 4245 of ERISA.

“Insolvent”: pertaining to a condition of Insolvency.

“Installment Notes”: Indebtedness issued by the Company or any Subsidiary to facilitate the deferral by clients of capital gains which result from securities transactions.

“Interest Payment Date”: (a) as to any Base Rate Loan, the last day of each March, June, September and December while such Loan is outstanding and (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months each day which is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

“Interest Period”: with respect to any Eurodollar Loan:

(1) initially, the period commencing on the Borrowing Date or date of conversion pursuant to Section 2.7, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six (or, if available to all relevant Banks, twelve) months thereafter, as selected by the Company in its notice of borrowing pursuant to Section 2.6 or notice of conversion pursuant to Section 2.7, as the case may be, given with respect thereto; and

(2) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six (or, if available to all relevant Banks, twelve) months thereafter, as selected by the Company by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto;

provided that the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period pertaining to a Eurodollar Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period that would otherwise extend beyond the Maturity Date shall end on the Maturity Date; and

(iii) any Interest Period pertaining to a Eurodollar Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

“Investment”: any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase of any Capital Stock, bonds, notes debentures or other debt securities of, or any assets constituting a business unit of, or any other investment in, any Person.

“IRS”: as defined in Section 2.17(d).

“Lead Arranger”: Citibank N.A.

“LFNY”: Lazard Frères & Co. LLC, a New York limited liability company.

“Lien”: any mortgage, pledge, hypothecation, assignment by way of security, deposit arrangement by way of security, encumbrance, attachment lien (statutory or other), or other security agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, or any financing lease having substantially the same economic effect as any of the foregoing).

“Loan”: each loan made to the Company pursuant to Section 2.1.

“Loans”: the collective reference to the Loans.

“Managing Directors”: the collective reference to each of the managing directors of Holdings, the Company or any of their respective controlled affiliates who holds, directly or indirectly, an equity interest of Holdings or securities convertible or exchangeable into equity interests of Holdings (including without limitation restricted stock, restricted stock units, performance-based restricted stock units or other issuances under Holdings’ equity incentive plan) and each trust, estate planning vehicle or other entity that holds or shall be transferred any such interest for tax or estate planning purposes.

“Margin Stock”: as defined in Regulation U of the Board as in effect from time to time.

“Material Adverse Effect”: a material adverse effect on (a) the business, property, financial condition or results of operations of the Company and its Subsidiaries taken as a whole or (b) the ability of the Company to perform its obligations under this Agreement or the Notes.

“Maturity Date”: the date which is the third anniversary of the Restatement Effective Date.

“Members’ Equity”: ownership equity of the Company represented by common members’ interests.

“Merger”: as defined in Section 7.4.

“Multiemployer Plan”: a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Proceeds”: in the case of cash proceeds received (a) in connection with any Designated Asset Sale constituting a sale, transfer or other disposition of Capital Stock, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received), net of the sum of (i) attorneys’ fees, accountants’ fees, investment banking fees and other customary fees and expenses actually incurred in connection therewith, (ii) taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing or tax receivables arrangements), (iii) the amount of all payments required to be made by the Company and the applicable Subsidiary to repay Indebtedness secured by assets transferred in connection with such sale, transfer or disposition, and (iv) the amount of any payments that the Company estimates in good faith will be required to be made in respect of contingent liabilities directly attributable to such event and set forth in a notice delivered to the Administrative Agent (provided that the Company will evaluate in good faith not less often than quarterly any estimate resulting in a reduction of Net Proceeds under this clause (iv) and will promptly notify the Administrative Agent if the estimated amount of such payments in respect of any contingent liability shall be reduced, and the Company and any such Subsidiary shall be deemed to have received Net Proceeds equal

to the amount of any such reduction), and (b) in connection with any issuance of any Capital Stock constituting a Designated Asset Sale, the cash proceeds received from such issuance, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts, taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and commissions and other customary fees and expenses actually incurred therewith.

In the case of non-cash proceeds received in connection with any Designated Asset Sale, the Net Proceeds shall be deemed to be the book value of the portion of the property giving rise thereto as reflected in the financial statements most recently delivered pursuant to Section 6.1 or, if not reflected therein, as reflected in the financial statements of the relevant entity, in each case as demonstrated in reasonable detail and certified to the Administrative Agent by a Responsible Officer.

“New Bank”: as defined in Section 2.21(b).

“New Bank Supplement”: as defined in Section 2.21(b).

“Non-Excluded Taxes”: as defined in Section 2.17(a).

“Non-U.S. Lender”: as defined in Section 2.17(d).

“Note”: as defined in Section 2.2; collectively, the “Notes”.

“Obligations”: the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other monetary obligations and liabilities of the Company to the Administrative Agent or to any Bank, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under or in connection with, this Agreement, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Bank that are required to be paid by the Company pursuant hereto) or otherwise.

“OFAC”: the United States Department of the Treasury's Office of Foreign Assets Control, which administers and enforces U.S. economic sanctions regulations set forth under (31 C.F.R. Subtitle B, Chapter V) (“OFAC Regulations”).

“Other Taxes”: any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement, except any such taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.20(b)) as a result of a present or former connection between the Administrative Agent or a Bank and the jurisdiction imposing such tax (other than any such connection arising from the Administrative Agent or such

Bank having executed, delivered, become a party to, or performed its obligations or received a payment under, received or perfected a security interest under, engaged in any other transaction pursuant to, or enforced, this Agreement).

“Paris Profit Sharing Plan”: that certain Accord de participation initially dated March 21, 1996 among Lazard Frères SAS and its employees, Lazard Frères Gestion SAS and its employees, Lazard Frères Banque SA and its employees and LFG-Courtage SARL and its employees.

“Paris Property”: each of (i) that certain property owned by Lazard Frères Banque that is located at 121 Boulevard Haussmann, Paris, France, (ii) that certain property owned by Compagnie Financière Lazard Frères SAS that is located at 119 Boulevard Haussmann, Paris, France and (iii) that certain property owned by Lazard Frères Banque and subsidiaries that is located at 10 Avenue Percier, Paris, France.

“Paris Subsidiaries”: each of Compagnie Financière Lazard Frères SAS, Lazard Frères Banque SA, Lazard Frères Gestion SAS and Lazard Frères SAS and each of their respective successors.

“Participant”: as defined in Section 12.7(c)(i).

“Participant Register”: as defined in Section 12.7(c)(i).

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

“Permitted Receivables Financings”: any Receivables Financing of a Receivables Subsidiary that meets the following conditions:

(a) senior management or the Board of Directors of the Company shall have determined in good faith that such Permitted Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the best interests of the Company and the Receivables Subsidiary;

(b) all sales of accounts receivable and related assets to the Receivables Subsidiary (or valid capital contributions made to the Receivables Subsidiary) are made at Fair Market Value (as determined in good faith by senior management or the Board of Directors of the Company); and

(c) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by senior management or the Board of Directors of the Company).

“Permitted Refinancing Indebtedness”: any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to “Refinance”), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing

Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium thereon and underwriting discounts, fees, commissions and expenses), (b) the average life to maturity of such Permitted Refinancing Indebtedness is greater than or equal to the remaining average life to maturity of the Indebtedness being Refinanced, (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Obligations on terms at least as favorable to the Banks as those contained in the documentation governing the Indebtedness being Refinanced and (d) no Permitted Refinancing Indebtedness shall have different obligors, or greater guarantees or security, than the Indebtedness being Refinanced, unless the incurrence of such Indebtedness, guarantees or security is permitted by a separate provision of this Agreement.

“Person”: an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan”: any employee benefit plan (as defined in Section 3(3) of ERISA) and in respect of which the Company, any Subsidiary thereof or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4062 or 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform”: as defined in Section 12.2(c).

“Pricing Grid”: the table set forth below.

Ratings	Applicable Margin		Commitment Fee
	Eurodollar Loans	Base Rate Loans	
≥ A	125.0 bps	25.0 bps	15.0 bps
≥ A- but < A	137.5 bps	37.5 bps	17.5 bps
≥ BBB+ but < A-	150.0 bps	50.0 bps	20.0 bps
≥ BBB but < BBB+	175.0 bps	75.0 bps	25.0 bps
≥ BBB- but < BBB	200.0 bps	100.0 bps	30.0 bps
< BBB-	225.0 bps	125.0 bps	37.5 bps

For the purposes of the Pricing Grid, the Company shall provide prompt written notice to the Administrative Agent of any change in any Rating by S&P (or, if applicable, such other rating agency determined in accordance with the definition of “Ratings”). The Applicable Margin and the Commitment Fee Rate resulting from changes in the Ratings shall be effective on the date (the “Adjustment Date”) that is three Business Days after the date of such change and shall remain in effect until the next change to be effected pursuant to this paragraph. In the event that the Company has obtained more than one Rating and such Ratings are split, the Pricing Grid will be based on the highest rating.

“Prohibited Transaction”: has the meaning assigned to such term in Section 406 of ERISA and Section 4975(c) of the Code.

“Ratings”: a rating of the Company’s senior unsecured non-credit enhanced indebtedness for borrowed money assigned by S&P, each other rating agency set forth on Schedule 1.1B or any internationally recognized rating agency approved by the Administrative Agent and the Company; provided that in each case if the Company shall have no senior unsecured non-credit enhanced indebtedness for borrowed money, the Company’s corporate credit rating shall be used; provided, further that if at any time S&P or any other rating agency set forth on Schedule 1.1B shall not maintain a rating for the Company’s senior unsecured non-credit enhanced indebtedness for borrowed money, or shall not maintain a corporate credit rating for the Company, as the case may be, the Required Lenders and the Company may agree to determine the ratings using the corresponding ratings level of one or more Nationally Recognized Statistical Rating Organizations (as defined in Rule 436 under the Securities Act of 1933).

“Receivables Financing”: any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may (a) sell, convey or otherwise transfer to a Receivables Subsidiary or (b) grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

“Receivables Subsidiary”: a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Permitted Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Chief Financial Officer of the Company (as provided below) as a Receivables Subsidiary and:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Subsidiary of the Company, (ii) is recourse to or obligates the Company or any other Subsidiary of the Company in any way (except for standard representations, warranties, covenants and indemnities made in connection with such facilities) or (iii) subjects any property or asset of the Company or any other Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(b) with which neither the Company nor any other Subsidiary of the Company has any material contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be, on the whole, no less favorable to the Company or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(c) to which neither the Company nor any other Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Chief Financial Officer of the Company shall be evidenced to the Administrative Agent by delivery to the Administrative Agent a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and a certificate of a Responsible Officer certifying that such designation complied with the foregoing conditions.

“Register”: as defined in Section 12.7(b)(iv).

“Regulation U”: Regulation U of the Board as in effect from time to time.

“Relevant Governmental Body”: the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Reportable Event”: any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived.

“Required Lenders”: at any time, the holders of more than 50% of (a) the sum of the Commitments then in effect or, (b) if the Commitments have terminated, the sum of the aggregate unpaid principal amount of the Loans then outstanding; provided that at any time when there are two or more non-affiliated Banks party hereto, in no event shall the Required Lenders consist of fewer than two non-affiliated Banks.

“Requirement of Law”: as to any Person, the certificate of incorporation and by-laws or partnership agreement or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Resolution Authority”: an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer”: the chief executive officer, president or chief financial officer of the Company, but in any event, with respect to financial matters, the chief financial officer of the Company.

“Restatement Effective Date”: the date on which each of the conditions specified in Section 5.1 of this Agreement has been satisfied (or has been waived in accordance with Section 12.1).

“Restricted Payments”: as defined in Section 7.8.

“Sanction” or “Sanctions”: any international economic sanction (transaction prohibition or asset-freeze) issued, administered or enforced by the United States Government (including OFAC), the European Union, Her Majesty’s Treasury of the United Kingdom, the United Nations Security Council (to the extent that it has jurisdiction over the Company or any of its Subsidiaries), or any other applicable European Union member state that has jurisdiction over the Company or any of its Subsidiaries.

“Sanctioned Country”: at any time, any country designated for comprehensive economic sanctions under OFAC Regulations that broadly restrict trade and investment with that country.

“Sanctioned Person”: (a) any Person named on OFAC’s List of Specially Designated Nationals and Blocked Persons, any similar list maintained by the U.S. Department of State, and other similar sanctions lists maintained by the United Nations Security Council (to the extent that it has jurisdiction over the Company or any of its Subsidiaries), the European Union or Her Majesty’s Treasury of the United Kingdom; (b) any Person organized or resident in, or the government of, a Sanctioned Country; (c) any government not located in a Sanctioned Country but which is itself the target of comprehensive Sanctions under OFAC Regulations (presently, the Government of Venezuela); or (d) any Person majority-owned by any such Person referred to in clauses (a), (b) or (c) above.

“S&P”: Standard & Poor’s Ratings Services.

“SEC”: the Securities and Exchange Commission, or such other regulatory body which succeeds to the functions of the Securities and Exchange Commission.

“SEC Filings”: as to the Company, any public filings that the Company or Lazard Ltd has made on form 10-K, 10-Q or 8-K pursuant to the U.S. federal securities statutes, rules or regulations prior to June 30, 2020.

“Senior Note Indentures”: the Indenture dated as of May 10, 2005, as supplemented by the First and Second Supplemental Indentures dated as of May 10, 2005 the Amended and Restated Third Supplemental Indenture dated as of May 15, 2008, the Fourth Supplemental Indenture dated as of June 21, 2007, the Fifth Supplemental Indenture dated as of November 14, 2013, the Sixth Supplemental Indenture dated as of February 13, 2015, the Seventh Supplemental Indenture dated as of November 4, 2016, the Eighth Supplemental Indenture dated as of September 19, 2018 and the Ninth Supplemental Indenture dated as of March 11, 2019, together with all instruments and other agreements entered into by the Company in connection therewith.

“Significant Subsidiary”: any Subsidiary that would be a “Significant Subsidiary” of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC as in effect on the Restatement Effective Date, but excluding Lazard Funding Limited LLC.

“Single Employer Plan”: any Plan (other than a Multiemployer plan) that is covered by Section 412 of the Code or Section 302 or Title IV of ERISA and is maintained or contributed to by the Company or any Commonly Controlled Entity.

“Specified Non-Recourse Indebtedness”: at any time, Indebtedness of the Company or any Subsidiary secured by real property, leasehold improvements and equipment of the Company or any Subsidiary to the extent that the terms of such Indebtedness provide that at such time recourse for repayment thereof and payment of any other obligation in respect thereof is only to such assets and is not a general obligation of the Company or any of its Subsidiaries (notwithstanding that such terms provide that such Indebtedness may become Specified Recourse Indebtedness upon the occurrence of certain events after such time).

“Specified Recourse Indebtedness”: at any time, Indebtedness of the Company or any Subsidiary secured by real property, leasehold improvements and equipment of the Company or any Subsidiary to the extent that the terms of such Indebtedness provide that at such time recourse for repayment thereof and payment of any other obligation in respect thereof is a general obligation of the Company or any of its Subsidiaries.

“Street Loans”: short term borrowings made by the Company for the purpose of purchasing or carrying securities for the Company, or for customers of the Company.

“Subordinated Indebtedness”: Indebtedness of the Company or any of its Subsidiaries that is subordinated in right of payment to the Obligations, provided that, to the extent incurred after the Restatement Effective Date, such Indebtedness has (a) no maturity, amortization, mandatory redemption or repurchase option or sinking fund payment prior to the date that is six months after the Maturity Date (other than customary provisions for application of asset sale proceeds or following a change of control) and (b) customary subordination provisions as shall be reasonably satisfactory to the Administrative Agent and the Required Lenders.

“Subsidiary”: as to any Person, (a) a corporation, limited liability company or other similar business entity of which shares of stock or other equity interests having ordinary voting power (other than stock or other equity interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such corporation or entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person or (b) any partnership of which such Person and/or one or more Subsidiaries of such Person has, directly or indirectly, more than 50% of the interest in profits and losses. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

“Trade Debt”: of a Person, at a particular date, (i) Indebtedness of such Person resulting from free credit balances and similar payables, day loans, Installment Notes, Street Loans, and other liabilities and obligations incurred in the ordinary course of business of such Person both as principal and as agent as an investment banker, futures commission merchant, broker dealer or financial services institution; and (ii) other short term Indebtedness of such Person incurred in the ordinary course of its business not material individually or in the aggregate to such Person.

“Type”: as to any Loan, its nature as a Base Rate Loan or a Eurodollar Loan.

“UK Financial Institutions”: any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority”: the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement”: the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“USA PATRIOT Act”: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended from time to time.

“Wholly Owned Subsidiary”: of any Person, a Subsidiary of such Person 95% of the outstanding Capital Stock or other ownership interests of which shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

“Write-Down and Conversion Powers”: (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in the Notes, unless otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time; provided that, if the Company notifies the Administrative Agent that the Company wishes to amend any provision hereof, including, without limitation, any covenant in Section 6, to eliminate the effect of any change in GAAP (or the application thereof) adopted after the Restatement Effective Date on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend any such provision for such purpose), then the Company's compliance with such provision shall be determined on the basis of GAAP in effect and applied immediately before the relevant change in GAAP (or the application thereof) became effective, until either such notice is withdrawn or such provision is amended in a manner satisfactory to the Company and the Required Lenders. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any change in accounting for leases resulting from the implementation of Financial Accounting Standards Board ASU No. 2016-02, Leases (Topic 842), to the extent that such change would require the recognition of right-of-use assets and lease liabilities for any lease (or similar arrangement conveying the right to use) that would not be classified as a capital lease under GAAP as in effect on September 25, 2015, regardless of whether such lease was in effect on such date or amended, modified or otherwise supplemented after such date.

(c) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Sections, Exhibits and Schedules shall be construed to refer to Sections of, and Exhibits and Schedules to, this Agreement and (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. References herein to knowledge with respect to the Company shall be deemed to refer to the actual knowledge of any executive officer of the Company.

1.3 Divisions. For all purposes under the Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Capital Stock at such time.

SECTION 2. AMOUNT AND TERMS OF LOAN COMMITMENTS

2.1 Loans. (a) Subject to the terms and conditions hereof, each Bank severally agrees to make revolving credit loans (individually, a "Loan"; collectively, the "Loans") to the Company from time to time during the Commitment Period in an aggregate principal amount at any one time outstanding not to exceed the amount of such Bank's Commitment, as such amount may be reduced as provided herein. During the Commitment Period, the Company may use the Commitments by borrowing, prepaying the Loans in whole or in part subject to subsection 2.9, and reborrowing, all in accordance with the terms and conditions hereof.

(b) The Loans may from time to time be (i) Eurodollar Loans, (ii) Base Rate Loans or (iii) a combination thereof, as determined by the Company and notified to the Administrative Agent in accordance with Sections 2.6 and 2.7, provided that no Loan shall be continued as or converted into a Eurodollar Loan after the day that is one month prior to the Maturity Date.

2.2 Notes. Each Bank may request that the Loans made by such Bank pursuant hereto shall be evidenced by a promissory note of the Company, substantially in the form of Exhibit A hereto, with appropriate insertions as to date and principal amount (individually a "Note"; collectively, the "Notes"), payable to such Bank and evidencing the obligation of the Company to pay the aggregate unpaid principal amount of all Loans made by such Bank hereunder, with interest thereon as prescribed in Section 2.3. Each Bank is hereby authorized to record the date and amount of each Loan made by such Bank, and the date and amount of each payment or prepayment of principal thereof on the schedule annexed to and constituting a part of its Note, and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided, however, that any error or omission in making any such recordation shall not affect the obligations of the Company hereunder or under any Note. Each Note shall (x) be stated to mature on the last day of the Commitment Period and (y) bear interest on the unpaid principal amount thereof from time to time outstanding at the rates set forth in Section 2.3.

2.3 Interest Rates and Interest Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Base Rate Loan shall bear interest for each day at a rate per annum equal to the Base Rate determined for such day plus the Applicable Margin.

(c) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (d) of this Section shall be payable from time to time on demand.

(d) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), then such overdue principal amount shall bear interest at a rate per annum which is 2% above the rate which would otherwise be applicable pursuant to Section 2.3(a) or 2.3(b), as the case may be, and (ii) if all or a portion of any interest payable on any Loan or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is 2% above the rate then applicable to Base Rate Loans, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (after as well as before judgment).

2.4 Fees. (a) The Company agrees to pay to the Administrative Agent for the account of each Bank a commitment fee computed at the Commitment Fee Rate on the average daily amount of the undrawn Commitment of such Bank during the period for which payment is made, the accrued and unpaid portion of such fee to be payable in arrears on the last day of March, June, September and December of each year (commencing on the first such date to occur after the Restatement Effective Date) and on the Maturity Date. The Administrative Agent shall promptly distribute to each Bank its pro rata share of each payment of such fees.

(b) The Company agrees to pay to the Administrative Agent the fees in the amounts and on the date as set forth in the Fee Letter and to perform any other obligations contained therein.

2.5 Computation of Interest and Fees. (a) Interest and fees shall be computed on the basis of (i) a 360 day year for actual days elapsed for Eurodollar Loans and (ii) a 365 day or 366 day, as the case may be, year for actual days elapsed for Base Rate Loans and for fees under this Agreement. The Administrative Agent shall as soon as practicable notify the Company and the Banks of each determination of a Eurodollar Rate or of a Base Rate. Any change in the interest rate on a Loan resulting from a change in the Base Rate shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Company and the Banks of such effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Administrative Agent shall, at the request of the Company, deliver to the Company a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.3(a) or 2.3(b), as the case may be.

2.6 Procedure for Borrowing. The Company may borrow Loans under the Commitments during the Commitment Period on any Business Day, provided that the Company shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent, (a) prior to 1:00 P.M., New York City time three Business Days prior to the requested Borrowing Date, if all or any part of the requested Loans are to be initially Eurodollar Loans or (b) prior to 11:00 A.M., New York City time on or prior to the requested Borrowing Date, if all of the requested Loans are to be initially Base Rate Loans), specifying (i) the amount to be borrowed, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be of Eurodollar Loans, Base Rate Loans or a combination thereof and (iv) if the borrowing is to be entirely or partly of Eurodollar Loans, the amount of such Type of Loan and the length of the initial Interest Periods therefor. Each borrowing of Loans pursuant to the Commitments shall be in an aggregate principal amount equal to the lesser of (i) \$5,000,000 or a whole multiple thereof, and (ii) the Available Commitments. Upon receipt of any such notice, the Administrative Agent shall promptly notify each Bank thereof. Each Bank will make available to the Company at the office of the Administrative Agent specified in Section 12.2, prior to 12:00 noon (New York City time) on the requested Borrowing Date, or as soon as practicable thereafter, an amount in immediately available funds equal to the amount of the Loan to be made by such Bank.

2.7 Conversion and Continuation Options. (a) The Company may elect from time to time to convert Eurodollar Loans to Base Rate Loans, by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election. The Company may elect from time to time to convert Base Rate Loans to Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Bank thereof. All or any part of outstanding Eurodollar Loans and Base Rate Loans may be converted as provided herein, provided that (i) no Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent has or the Banks have determined and notified the Company that such a conversion is not appropriate and (ii) no Loan may be converted into a Eurodollar Loan after the date that is one month prior to the Maturity Date.

(b) Any Eurodollar Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Company giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Event of Default has occurred and is continuing and the Administrative Agent has or the Banks have determined and notified the Company that such a continuation is not appropriate or (ii) after the date that is one month prior to the Maturity Date and provided, further, that if the Company shall fail to give such notice or if such continuation is not permitted such Loans shall be automatically converted to Base Rate Loans on the last day of such then expiring Interest Period.

2.8 Termination or Reduction of Commitments. The Company shall have the right, upon not less than three Business Days' notice to the Banks, to terminate the Commitments or, from time to time, reduce the amount of the Commitments; provided that, subject to the proviso in Section 2.9(a), (a) any such reduction shall be accompanied by prepayment of the Loans to the extent, if any, that the amount of the Loans then outstanding exceeds the amount of the Commitments as then reduced, (b) any such termination of the Commitments shall be accompanied by prepayment in full of the Loans then outstanding, together with accrued interest thereon to the date of such prepayment, and the payment of any unpaid commitment fee then accrued hereunder and other amounts, if any, payable by the Company hereunder and (c) for any such prepayment, the Company shall reasonably promptly pay the costs arising therefrom pursuant to Section 2.12 (such notice to be revocable only if such prepayment is conditioned upon a refinancing of the Loans or other events mutually agreed between the Company and the Administrative Agent). Any such reduction shall be in an amount of \$5,000,000, or greater integral multiple of \$5,000,000, and shall reduce permanently the amount of the Commitments then in effect.

2.9 Optional Prepayments of Loans. (a) The Company may, at any time, on the last day of any Interest Period with respect thereto, in the case of Eurodollar Loans (or on any other day if the Company reasonably promptly pays the costs arising therefrom pursuant to Section 2.12), and from time to time, in the case of Base Rate Loans, and upon three Business Days' irrevocable notice (such notice to be revocable only if such prepayment is conditioned upon a refinancing of the Loans or other events mutually agreed between the Company and the Administrative Agent), in the case of Eurodollar Loans, and upon one Business Day's notice, in case of Base Rate Loans, to the Administrative Agent, prepay the Loans on the date specified in such notice, in whole or in part, with accrued interest to the date of such prepayment on the amount prepaid; provided, however, that each partial prepayment of Loans shall be in a principal amount of \$5,000,000 or a larger integral multiple of \$1,000,000.

(b) Upon receipt of a notice of prepayment of Loans pursuant to Section 2.9(a), the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such prepayment.

2.10 Pro Rata Treatment and Payments. (a) Each borrowing of Loans by the Company from the Banks and each payment (including each prepayment) by the Company on account of principal of and interest on the Loans shall be made pro rata according to the respective principal and interest owed to the Banks and any reduction of the Commitments of the Banks hereunder shall be made pro rata according to the respective Commitment Percentages of the Banks. All payments (including prepayments) to be made by the Company in respect of the Loans on account of principal, interest and fees shall be made without set-off or counterclaim and shall be made directly to the office of the Administrative Agent specified in Section 12.2, in lawful money of the United States of America and in immediately available funds. The Administrative Agent shall distribute such payments to the Banks entitled thereto promptly upon receipt in like funds as received by the Administrative Agent. If any payment hereunder becomes due and payable on a day other than a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

(b) Each Bank shall apply the amount of each payment (including each prepayment) made by the Company on account of principal of the Loans to the payment of the then outstanding principal amounts of Loans, in such amounts and in such order as the Company shall direct by notice to the Administrative Agent (or, in the case of a prepayment pursuant to Section 2.9, as the Company shall direct in its notice of prepayment), provided that if the Company shall fail to give any such notice, each Bank shall apply the amount received to the payment of the then outstanding Loans pro rata according to the respective outstanding principal amounts of such Loans.

2.11 Non-Receipt of Funds by the Administrative Agent. (a) Unless the Administrative Agent shall have been notified by the Company prior to the date on which any payment in respect of a Loan is due from it hereunder (which notice shall be effective upon receipt) that the Company does not intend to make such payment, the Administrative Agent may assume that the Company has made such payment when due and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to each Bank on such payment date an amount equal to the portion of such assumed payment to which such Bank is entitled hereunder, and if the Company has not in fact made such payment to the Administrative Agent, such Bank shall, on demand, repay to the Administrative Agent the amount made available to such Bank together with interest thereon in respect of each day during the period commencing on the date such amount was made available to such Bank and ending on (but excluding) the date such Bank repays such amount to the Administrative Agent, at a rate per annum equal to the Administrative Agent's cost of obtaining overnight funds in the federal funds market in New York on each such day.

(b) A certificate of the Administrative Agent submitted to any Bank with respect to any amount owing under the foregoing paragraph (a) shall be prima facie evidence of the facts stated therein.

2.12 Indemnity. The Company agrees to indemnify each Bank and to hold each Bank harmless from any loss or expense (other than any loss of anticipated profits) which such Bank may sustain or incur as a consequence of (a) default by the Company in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Company has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Company in making any prepayment of or conversion from a Eurodollar Loan after the Company has given a notice thereof in accordance with the provisions of Section 2.9 or (c) the making of a prepayment or conversion of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, prepaid, converted or continued, for the period from the date of such prepayment or of such failure to borrow, prepay, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable Eurodollar Rate (excluding the Applicable Margin) over (ii) the amount of interest (as reasonably determined by such Bank) which would have accrued to such Bank on such amount by redeploying such amount in respect of deposits in the eurodollar market for a comparable period. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.13 Capital Adequacy. In the event that any of the Banks shall have determined that the adoption after the Restatement Effective Date of any law, rule or regulation regarding capital and liquidity adequacy, or any change after the Restatement Effective Date therein or in the interpretation or application thereof or compliance by such Bank with any request or directive regarding capital and liquidity adequacy (whether or not having the force of law) from any central bank or Governmental Authority including under Basel III or Dodd-Frank, does or shall have the effect of reducing the rate of return on such Bank's capital as a consequence of its obligations hereunder to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then after submission by such Bank to the Company of a written request therefor, the amount of interest payable by the Company to such Bank on each Interest Payment Date shall be increased by such amount (as determined in good faith by such Bank in accordance with its practice applicable in similar circumstances under comparable provisions of other financing agreements of similarly situated borrowers) as will compensate such Bank for the portion of such reduction allocable to the period in respect of which interest is so paid on such Interest Payment Date. A certificate as to any additional amounts payable pursuant to this Section 2.13, together with a statement by such Bank that such amounts have been calculated consistently with amounts calculated and claimed for in the case of other borrowers parties to revolving credit agreements with such Bank, submitted by such Bank, through the Administrative Agent, to the Company, shall be conclusive evidence, absent demonstrable error, of the facts stated therein. Notwithstanding the foregoing, the Company shall not be required to compensate a Bank for any increased costs or reductions incurred more than 180 days prior to the date that such Bank notifies the Company of the change in law giving rise to such increased costs or reductions and of such Bank's intention to claim compensation under this Section; provided that, if the change in law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

2.14 Effect of Benchmark Transition Event. (a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Credit Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Company may amend this Agreement to replace the Eurodollar Base Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Banks so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Banks comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Banks comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of the Eurodollar Base Rate with a Benchmark Replacement pursuant to this Section 2.14 will occur prior to the applicable Benchmark Transition Start Date.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Company and the Banks of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent, the Company or the Banks pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.14. The Benchmark Replacement shall, upon its effectiveness pursuant to this Section 2.14, replace the Eurodollar Base Rate for all purposes under this Agreement and any other Loan Documents.

(d) Benchmark Unavailability Period. Upon the Company's receipt of notice of the commencement of a Benchmark Unavailability Period, the Company may revoke any request for a Eurodollar Borrowing of, conversion to or continuation of Eurodollar Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Company will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of the Base Rate based upon the Eurodollar Base Rate will not be used in any determination of the Base Rate.

2.15 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof (including under Basel III or Dodd-Frank) shall make it unlawful for any Bank to make or maintain Eurodollar Loans as contemplated by this Agreement, then, such Bank shall give written notice thereof to the Company and to the Administrative Agent and (a) the commitment of such Bank hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Base Rate Loans to Eurodollar Loans shall forthwith be suspended for the duration of such unlawfulness and (b) the Bank and the Company shall promptly enter into negotiations in good faith to agree to a solution to such illegality, limitation or impracticability; provided however, that if such an agreement has not been reached by the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law, such Bank's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans at the earlier of (i) the end of such Interest Period and (ii) the date required under such Requirement of Law. Each Bank that has delivered a notice pursuant to this Section, if the circumstances giving rise to such notice cease to exist, shall notify the Company thereof as soon as practicable.

2.16 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the Restatement Effective Date:

(i) shall subject any Bank to any tax on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto (except for Non-Excluded Taxes covered by Section 2.17, changes in the rate of tax on the overall net income of such Bank, any branch profits imposed by the United States of America or any similar tax imposed by any other jurisdiction and any United States federal withholding taxes imposed under FATCA);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Bank which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Bank any other condition;

and the result of any of the foregoing is to increase the cost to such Bank, by an amount which such Bank deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the amount of interest payable by the Company to such Bank on the Interest Payment Date in respect of each Interest Period shall be increased by such amount (as determined in good faith by such Bank in accordance with its practice applicable in similar circumstances under comparable provisions of other financing agreements of similarly situated borrowers) as will compensate such Bank for such increased cost or reduced amount receivable allocable to such Interest Period. Any Bank claiming additional amounts pursuant to this Section 2.16 shall use its reasonable efforts (consistent with internal policy and applicable legal and regulatory restrictions) to take such action, as requested by the Company in writing, if the taking of such action would avoid the need for or reduce the amount of any such additional amounts and would not, in the judgment of such Bank, be adverse to the affected Loans or to such Bank.

If any Bank becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify the Company (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section submitted by such Bank to the Company (with a copy to the Administrative Agent) shall be conclusive in the absence of demonstrable error. The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) No Bank shall be entitled to any compensation under this Section 2.16 for any costs incurred or reduction suffered with respect to any date unless such Bank shall have notified the Company that it will demand compensation for such costs or reductions under paragraph (a) above not more than 60 days after the later of (i) such date and (ii) the date on which such Bank shall have become aware of such costs or reductions.

(c) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) Dodd-Frank and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in law under this Agreement, regardless of the date enacted, adopted, issued or implemented.

2.17 Taxes. (a) All payments made by or on account of the Company under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp, excise or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto), excluding (i) net income taxes and franchise taxes imposed on the Administrative Agent or any Bank by (A) the jurisdiction under the laws of which such entity is organized or in which its principal office or applicable lending office is located or (B) any jurisdiction as a result of a present or former connection between the Administrative Agent or such Bank and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Bank having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement), (ii) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (i) above and (iii) any United States federal withholding taxes imposed under FATCA; provided, that if any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable by or on account of the Company to the Administrative Agent or any Bank as determined in good faith by the applicable withholding agent, (x) such amounts shall be paid to the relevant Governmental Authority by the applicable withholding agent in accordance with applicable law, and (y) the amounts so payable by the Company to the Administrative Agent or such Bank shall be increased to the extent necessary to yield to the Administrative Agent or such Bank (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement as if such withholding or deduction had not been made, provided further, however, that the Company shall not be required to increase any such amounts payable to the Administrative Agent or any Bank with respect to any Non-Excluded Taxes (1) that are attributable to such Bank's failure to comply with the requirements of paragraph (d) of this Section, or (2) that are United States federal withholding taxes imposed on amounts payable by the Company to such Bank at the time such Bank becomes a party to this Agreement, except to the extent that such Bank's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Company with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Company shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Company (or the Administrative Agent on account of such Banks), as promptly as possible after the payment of such Non-Excluded or Other Taxes, the Company shall send to the Administrative Agent for its own account or for the account of the relevant Bank, as the case may be, proof of payment thereof. If (i) the Company fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or (ii) any Non-Excluded Taxes (other than taxes described in clauses (1) and (2) of the final proviso of Section 2.17(a)) or Other Taxes are imposed directly upon the Administrative Agent or any Bank, the Company shall indemnify the Administrative Agent and the Banks for such amounts and any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Bank as a result of any such failure, in the case of (i) or any such direct imposition, in the case of (ii).

(d) Any Bank that is entitled to an exemption from or reduction of any applicable withholding tax with respect to payments hereunder shall, to the extent it is legally entitled to do so, deliver to the Company (with a copy to the Administrative Agent), at the time or times reasonably requested by the Company or Administrative Agent, such properly completed and executed documentation prescribed by applicable law or as reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. Without limiting the generality of the foregoing, each Bank (or Assignee) that is not a “United States person” as defined in Section 7701(a)(30) of the Code (a “Non-U.S. Lender”) shall deliver to the Company and the Administrative Agent (or, in the case of a Participant, to the Bank from which the related participation shall have been purchased) two copies of U.S. Internal Revenue Service (“IRS”) Form W-8BEN or W-8BEN-E, as applicable, Form W-8ECI, or Form W-8IMY (together with any applicable underlying IRS forms) or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of “portfolio interest”, a statement substantially in the form of Exhibit E and a Form W-8BEN or a Form W-8BEN-E, as applicable, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Company under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation) and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Company and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Company (or any other form of certification adopted by the U.S. taxing authorities for such purpose). If a payment made to a Bank would be subject to U.S. federal withholding imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Company and the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank’s obligations under FATCA or to

determine the amount to deduct and withhold from such payment. Solely for purposes of the preceding sentence, “FATCA” shall include any amendments made to FATCA after the date of this Agreement. Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) Each Bank shall indemnify the Administrative Agent for the full amount of any taxes, levies, imposts, duties, charges, fees, deductions, withholdings or similar charges imposed by any Governmental Authority that are attributable to such Bank and that are payable or paid by the Administrative Agent, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent in good faith. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error.

(f) If the Administrative Agent or any Bank determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Company or with respect to which the Company has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Company (but only to the extent of indemnity payments made, and/or additional amounts paid, by the Company under this Section 2.17 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Company, upon the written request of the Administrative Agent or such Bank, agrees to repay the amount paid over to the Company (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Bank in the event the Administrative Agent or such Bank is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Company or any other Person.

(g) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.18 Commitment Reductions and Mandatory Prepayments. If on any date the Company or any of its Subsidiaries shall receive Net Proceeds from a Designated Asset Sale and if, after such Designated Asset Sale, the Company or any of its Subsidiaries owns less than 65% of the Capital Stock of the Designated Subsidiary subject to such Designated Asset Sale, the Commitments shall be permanently reduced by an amount equal to 100% of the value of such Net Proceeds, less any portion of such Net Proceeds reinvested by Company or any of its Subsidiaries, as applicable, in Additional Assets within 180 days from the applicable Designated Asset Sale from which such Net Proceeds were received (the “Disposition Amount”); provided that, if immediately prior to giving effect to such Designated Asset Sale, the Company and its Subsidiaries own in excess of 65% of the Capital Stock of the Designated Subsidiary that is subject to such Designated Asset Sale, the “Disposition Amount” shall be limited to the portion of the Net Proceeds attributable to the percentage of the Capital Stock of such Designated Subsidiary sold, transferred, otherwise disposed of or issued, that is equal to the difference

between 65% and the percentage of the Capital Stock of such Designated Subsidiary owned by the Company and its Subsidiaries after giving effect to such Designated Asset Sale. Any such reduction shall be accompanied by (x) a prepayment of the Loans to the extent, if any, that the amount of the Loans then outstanding exceeds the amount of the Commitments as reduced pursuant to this Section 2.18 and (y) payment of the costs arising therefrom pursuant to Section 2.12.

2.19 Defaulting Lender. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Lender, then the following provisions shall apply for so long as such Bank is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.4;

(b) the Commitment and Loans of such Defaulting Lender shall not be included in determining whether all Banks, each affected Bank, or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.1), provided that any waiver, amendment or modification that would increase or extend the term of the Commitment of such Defaulting Lender, extend the date for the payment of principal or interest owing to such Defaulting Lender hereunder, reduce the principal amount of any obligation owing to such Defaulting Lender hereunder, reduce the amount of or the rate or amount of interest on any amount owing to such Defaulting Lender or of any fee payable to such Defaulting Lender hereunder, or alter the terms of this proviso, will require the consent of such Defaulting Lender; and

(c) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iii) third, if so determined by the Administrative Agent and the Company, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loans under this Agreement, (iv) fourth, to the payment of any amounts owing to the Banks as a result of any judgment of a court of competent jurisdiction obtained by any Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (v) fifth, to the payment of any amounts owing to the Company as a result of any judgment of a court of competent jurisdiction obtained by the Company against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement.

Notwithstanding Section 2.20, the Company may, upon not less than three Business Days' notice to a Defaulting Lender and the Administrative Agent (which the Administrative Agent will promptly provide to the other Banks), terminate or reduce the unused Commitment of such Defaulting Lender (without being required to terminate or reduce the

Commitments of other Banks); provided, that the Company may not terminate or reduce such Commitment if after giving effect to such termination or reduction, the aggregate principal amount of outstanding Loans would exceed the total Commitments. At any time after termination or reduction of a Defaulting Lender's unused Commitment, (i) the Company may identify one or more banks or financial institutions willing to become a party to this Agreement as a Bank and (ii) the Company may enter into an agreement with each such bank or financial institution pursuant to which it shall become a Bank with a Commitment under this Agreement, provided, that (a) the Administrative Agent approves the bank or financial institution that is to become a Bank under this Agreement, (b) the agreement pursuant to which such bank or financial institution becomes a party to this Agreement shall be reasonably satisfactory to the Administrative Agent, (c) such Defaulting Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the banks or financial institutions that become Banks hereunder (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (d) the aggregate amount of the new Commitments of banks or financial institutions that become Banks hereunder pursuant to this sentence does not exceed the amount of the terminated or reduced Commitment of the Defaulting Lender.

In the event that the Administrative Agent and the Company each agrees that a Defaulting Lender has adequately remedied all matters that caused such Bank to be a Defaulting Lender, then outstanding Loans of the Banks shall be readjusted to reflect the inclusion of such Bank's Commitment and on such date such Bank shall purchase at par such of the Loans of the other Banks as the Administrative Agent shall determine may be necessary in order for such Bank to hold such Loans in accordance with the percentage of the total Commitments (disregarding any Defaulting Lender's Commitment) represented by such Bank's Commitment; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Company while such Bank was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, a Bank's ceasing to be a Defaulting Lender will not constitute a waiver or release of any claim of any party hereunder arising from such Bank's having been a Defaulting Lender.

2.20 Mitigation Obligations; Replacement of Banks. (a) If any Bank requests compensation under Section 2.16, or requires the Company to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 2.17, then such Bank shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.16 or 2.17, as the case may be, in the future and (ii) if, in the sole good faith judgment of such Bank, would not subject such Bank to any unreimbursed cost or expense, would not violate applicable law or would not otherwise be materially disadvantageous to such Bank. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment.

(b) If any Bank requests compensation under Section 2.16, or if the Company is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 2.17, or if any Bank is a Defaulting Lender, then the Company may, at its sole expense and effort, upon notice to such Bank and the Administrative Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.7), all of its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Bank shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Bank shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply. In case such Bank is a Defaulting Lender, each party hereto agrees that an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Company, the Administrative Agent and the assignee and that the Bank required to make such assignment need not be a party thereto.

2.21 Incremental Commitments. (a) The Company and any one or more Banks (including New Banks) may from time to time agree that such Banks shall make, obtain or increase the amount of their Commitments (“Incremental Commitments”), by executing and delivering to the Administrative Agent an Increased Facility Activation Notice specifying (i) the amount of such Incremental Commitment and (ii) the Increased Facility Closing Date; provided that, immediately prior to and after giving effect to any such increase in the Commitments (i) no Default or Event of Default shall have occurred and be continuing and (ii) each of the representations and warranties made by the Company in or pursuant to the Credit Documents shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) on and as of such date as if made on and as of such date (except that any representations and warranties which expressly relate to an earlier date shall be true and correct in all material respects (or, if such representations and warranties are qualified by materiality, in all respects) as of such earlier date). Notwithstanding the foregoing, (i) without the consent of the Required Lenders, the aggregate amount of Incremental Commitments obtained after the Restatement Effective Date pursuant to this paragraph shall not exceed \$100,000,000, (ii) without the consent of the Administrative Agent, each increase effected pursuant to this paragraph shall be in a minimum amount of at least \$10,000,000 and (iii) all Incremental Commitments shall be documented solely as an increase to the Commitments, all Loans under Incremental Commitments (“Incremental Loans”) shall be identical to the Loans, and the terms and provisions of the Incremental Commitments and Incremental Loans shall be no more favorable than those applicable to the Commitments and Loans, respectively, including, without limitation, in respect of any interest rate margin applicable to any such Incremental Loans and any undrawn commitment fee payable to any Bank or New Bank (as defined below) in connection with such Incremental Commitments. No Bank shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(b) Any additional bank, financial institution or other entity which, with the consent of the Company and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a “Bank” under this Agreement in connection with any transaction described in Section 2.21(a) shall execute a New Bank Supplement (each, a “New Bank Supplement”), substantially in the form of Exhibit F-2, whereupon such bank, financial institution or other entity (a “New Bank”) shall become a Bank for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(c) Unless otherwise agreed by the Administrative Agent, on each Increased Facility Closing Date, the Company shall borrow Loans under the relevant increased Commitments from each Bank (including New Banks) participating in the relevant increase in an amount determined by reference to the amount of each Type of Loan (and, in the case of Eurodollar Loans, of each Eurodollar Tranche) which would then have been outstanding from such Bank if (i) each such Type or Eurodollar Tranche had been borrowed or effected on such Increased Facility Closing Date and (ii) the aggregate amount of each such Type or Eurodollar Tranche requested to be so borrowed or effected had been proportionately increased. The Eurodollar Rate applicable to any Eurodollar Loan borrowed pursuant to the preceding sentence shall equal the Eurodollar Rate then applicable to the Eurodollar Loans of the other Banks in the same Eurodollar Tranche (or, until the expiration of the then-current Interest Period, such other rate as shall be agreed upon between the Company and the relevant Bank). If on such Increased Facility Closing Date there are any Loans outstanding, the Administrative Agent shall take those steps which it deems, in its sole discretion and in consultation with the Company, necessary and appropriate to result in each Bank (including each New Bank) having a pro-rata share of the outstanding Loans based on each such Bank’s Commitment Percentage immediately after giving effect to such increase in Commitments.

SECTION 3. RESERVED

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Banks to enter into this Agreement and to make the Loans herein provided for, the Company hereby represents and warrants to the Banks and the Administrative Agent that:

4.1 Financial Condition. The audited statements of financial condition of the Company and its consolidated Subsidiaries as at December 31, 2017, December 31, 2018 and December 31, 2019, and the related consolidated statements of operations and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Deloitte & Touche LLP, present fairly the consolidated financial condition of the Company and its Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein).

4.2 No Material Adverse Effect. Except as disclosed in the SEC Filings, since December 31, 2019, there has been no event or development that would reasonably be expected to have a Material Adverse Effect.

4.3 Existence; Compliance with Law. The Company (a) is a limited liability company formed and validly existing under the Limited Liability Company Law of the State of Delaware, or, if at any time after the Restatement Effective Date the Company has changed its form of business organization to a corporate or partnership form or has changed its jurisdiction of organization, is, on any date on or after the effectiveness of such change upon which this representation is made or deemed made, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite power and authority under such law to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and (c) is duly qualified and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to so qualify or be in good standing would not reasonably be expected, in the aggregate, to have a Material Adverse Effect. Each of the Company's Significant Subsidiaries (x) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (y) has the requisite power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and (z) is duly qualified and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to so qualify or be in good standing would not reasonably be expected, in the aggregate, to have a Material Adverse Effect. Each of the Company and its Significant Subsidiaries is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not reasonably be expected, in the aggregate, to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. The Company has the requisite power and authority and the legal right to make, deliver and perform this Agreement and the Notes and to borrow hereunder and has taken all necessary and proper action to authorize the borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement and the Notes by the Company. No consent or authorization of, filing with or other act by or in respect of any Governmental Authority, except such as have been obtained or made and are in full force and effect, is required by the Company in connection with the borrowings hereunder or with the execution, delivery or performance of this Agreement or the Notes by the Company or with the validity or enforceability of this Agreement or the Notes against the Company. This Agreement has been duly executed and delivered on behalf of the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). On the date of the initial Loans hereunder, each Note, if requested, will have been duly executed and delivered on behalf of the Company and will constitute a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the Notes, the borrowings hereunder and the use of the proceeds thereof, (i) will not violate (a) the organizational or governing documents of the Company or any of its Significant Subsidiaries, (b) any other material Requirement of Law or (c) any Contractual Obligation of the Company or of any of its Significant Subsidiaries, and (ii) will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any Requirement of Law or Contractual Obligation, except with respect to clauses (i)(c) and (ii) only, to the extent that any such violation or creation or imposition of a Lien would not reasonably be expected to have, in the aggregate, a Material Adverse Effect.

4.6 No Material Litigation. Except as disclosed in the SEC Filings, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Company, threatened by or against the Company or any of its Significant Subsidiaries or against any of its or their respective properties or revenues (a) with respect to this Agreement or the Notes, or (b) which is reasonably likely to be adversely determined and, if adversely determined, would reasonably be expected to have, a Material Adverse Effect.

4.7 No Default. Neither the Company nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each of the Company and its Subsidiaries, if any, has good title to or valid leasehold interests in all its real property, and good title to or valid leasehold interests in all its other property, except, in each case, for such exceptions as would not reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien prohibited by Section 7.3.

4.9 Taxes. Each of the Company and its Subsidiaries has filed or caused to be filed all tax returns which to the knowledge of the Company are required to be filed by it and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority except (a) those taxes the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Company or any of its Significant Subsidiaries, as the case may be, or (b) to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

4.10 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used (a) for “buying” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect for any purpose that violates the provisions of the Regulations of the Board or (b) for any purpose that violates the provisions of the Regulations of the Board.

4.11 ERISA. Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) during the five-year period prior to the date on which this representation is made or deemed made, (i) no Reportable Event or non-exempt Prohibited Transaction has occurred with respect to any Plan; (ii) no termination of a Single Employer Plan has occurred with respect to which the liability remains unsatisfied and no Lien in favor of the PBGC has arisen; (iii) there has been no failure to meet the minimum funding standards (within the meaning of Sections 412 or 430 of the Code or Section 302 of ERISA) with respect to any Single Employer Plan; and (iv) there has been no filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Single Employer Plan, no failure to make, by its due date, a required installment under Section 430(j) of the Code with respect to any Single Employer Plan, or failure by the Company or any Commonly Controlled Entity to make any required contribution to a Multiemployer Plan; (b) the Company, each of its Significant Subsidiaries and each Commonly Controlled Entity is in compliance in all respects with the applicable provisions of ERISA and the Code relating to Plans; (c) the present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Single Employer Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Single Employer Plan allocable to such accrued benefits and there has been no determination that any Single Employer Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430(i)(4) of the Code or Section 303(i)(4) of ERISA); (d) neither the Company nor any Commonly Controlled Entity has received from the PBGC or a plan administrator any notice relating to an intention to terminate any Single Employer Plan or to appoint a trustee to administer any Single Employer Plan under Section 4042 of ERISA; (e) neither the Company nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or would reasonably be expected to result in any liability under Section 4201 of ERISA; (f) neither the Company nor any Commonly Controlled Entity has received any notice of a determination that a Multiemployer Plan is Insolvent or in “endangered” or “critical” status (within the meaning of Section 432(b) of the Code or Section 305(b) of ERISA); and (g) with respect to each Foreign Plan, there has been no failure (i) to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan; (ii) to register, or loss of good standing, with applicable regulatory authorities of any such Foreign Plan required to be registered; or (iii) of any Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan.

4.12 Investment Company Act. Neither the Company nor any of its Subsidiaries is an “investment company”, or a company “controlled” by a registered “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

4.13 Significant Subsidiaries. Except as disclosed in the SEC Filings or to the Administrative Agent (who shall promptly notify the other Banks upon receipt of such disclosure) by the Company in writing from time to time after the Restatement Effective Date, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors’ qualifying shares or interests in the Paris Subsidiaries that are owned by the Company’s French managing directors or other employees of such subsidiaries) of any nature relating to any Capital Stock of the Company or any of its Significant Subsidiaries, except as created by this Agreement.

4.14 EEA Financial Institutions. The Company is not an EEA Financial Institution.

4.15 Accuracy of Information, etc. No statement or information contained in this Agreement, the Beneficial Ownership Certification provided on or prior to the Restatement Effective Date to the Administrative Agent in connection with this Agreement or any other document, certificate or statement furnished by or on behalf of the Company to the Administrative Agent or the Banks, or any of them, for use in connection with the transactions contemplated by this Agreement, contained as of the date such statement, information, document or certificate was so furnished (as modified or supplemented by other information so furnished), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not materially misleading in each case taken as a whole and in light of the circumstances under which they were made; provided that, with respect to any such statement or information with respect to projected financial information or other projected results, the Company represents only that such information was based upon good faith estimates and assumptions believed by management of the Company to be reasonable at the time made, it being recognized by the Banks that such information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such information may differ from the projected results set forth therein by a material amount.

4.16 Use of Proceeds. (a) The proceeds of the Loans shall be used by the Company for general corporate purposes.

(b) The Company will not use the proceeds of the Loans (i) to further an offer, payment, promise to pay, or authorization of the payment of money, to any Person in violation of applicable Sanctions; (ii) to fund, finance or facilitate any activities, business or transaction of or with a Sanctioned Person or in a Sanctioned Country, in violation of any applicable Sanctions; or (iii) for any other purpose that would violate any applicable anti-corruption laws of jurisdictions that have jurisdiction over the Company or any of its Subsidiaries or that would violate any Sanctions.

4.17 Sanctions, OFAC and Patriot Act. (a) None of the Company, any of its Subsidiaries, or any of the Company's directors or officers, nor, to the knowledge of the Company, any of its employees and agents or any directors, officers, employees and agents of any of its Subsidiaries, is a Sanctioned Person. The Company, its Subsidiaries and, to the knowledge of the Company, the directors, officers and employees of the Company and the Company's Subsidiaries are in compliance with applicable Sanctions in all material respects.

(b) The Company and each of its Subsidiaries is in compliance in all material respects with (i) the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (the "USA Patriot Act"); and (ii) applicable anti-corruption laws of jurisdictions that have jurisdiction over the Company or any of its Subsidiaries, including the FCPA.

(c) The Company and its Subsidiaries have instituted and maintain policies and procedures reasonably designed to ensure compliance by the Company and its Subsidiaries with applicable anti-corruption laws of jurisdictions that have jurisdiction over the Company or any of its Subsidiaries, including the FCPA, and applicable Sanctions, including OFAC Regulations.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions of Initial Loans. The obligation of each Bank to make its initial Loan hereunder and the effectiveness of this Agreement are subject to the satisfaction of the following conditions precedent:

(a) Execution of Agreement. The Administrative Agent shall have received this Agreement, executed by an authorized officer of each Bank party hereto and by an authorized officer of the Company.

(b) Notes. The Administrative Agent shall have received a Note conforming to the requirements hereof and executed by an authorized officer of the Company for each Bank that has requested a Note prior to the Restatement Effective Date. The Administrative Agent shall promptly forward any such Notes to the appropriate Banks.

(c) Existing Credit Agreement. Prior to or substantially simultaneously with the Restatement Effective Date, the Company shall have repaid all outstanding loans, unpaid interest thereon and all fees and expenses owed thereunder.

(d) Legal Opinion. The Administrative Agent shall have received (i) an opinion of Cravath, Swaine & Moore LLP, special counsel to the Company, substantially in the form of Exhibit B-1, (ii) an opinion of Scott D. Hoffman, Chief Administrative Officer and General Counsel to the Company, substantially in the form of Exhibit B-2, and (iii) an opinion of Wilmer Cutler Pickering Hale and Dorr LLP, substantially in the form of Exhibit B-3, each dated the Restatement Effective Date and addressed to the Administrative Agent and the Banks.

(e) Closing Certificate. The Administrative Agent shall have received a Closing Certificate of the Company dated the Restatement Effective Date, in a form reasonably satisfactory to the Administrative Agent, with appropriate insertions and attachments (including the certificate of formation and the operating agreement of the Company) executed by an officer of the Company.

(f) Incumbency and Signatures. The Administrative Agent shall have received a certificate of an officer of the Company, dated the Restatement Effective Date, as to the incumbency and signatures of the officers of the Company, duly authorized to sign this Agreement, the Notes and any certificate or other document required to be delivered pursuant thereto.

(g) Fees. The Administrative Agent shall have received all fees required to be paid to it and each Bank under this Agreement on or prior to the Restatement Effective Date.

(h) PATRIOT Act/KYC Requirements. (i) The Administrative Agent and each Bank shall have received, at least five days prior to the Restatement Effective Date, all documentation and other information regarding the Company requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act, to the extent requested in writing of the Company at least 10 days prior to the Restatement Effective Date and (ii) to the extent the Company qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least five days prior to the Restatement Effective Date, any Bank that has requested, in a written notice to the Company at least 10 days prior to the Restatement Effective Date, a Beneficial Ownership Certification in relation to the Company shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Bank of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).

5.2 Conditions to All Loans. The making by each Bank of any Loan hereunder (but not the conversion or continuation of any Loan pursuant to Section 2.7) is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) Representations and Warranties. The representations and warranties made by the Company herein or which are contained in any certificate furnished at any time under or in connection herewith (other than those representations and warranties set forth in Sections 4.2 and 4.6 of this Agreement) shall be true and correct in all material respects on and as of the Borrowing Date as if made on and as of such date (it being understood and agreed that any representation and warranty that (i) is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct (after giving effect to any qualification therein) in all respects and (ii) by its terms is made as of a specified date shall be true and correct in all material respects only as of such specified date).

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loan to be made on such Borrowing Date.

(c) Compliance Certificate. Notwithstanding the fact that no Event of Default has occurred and is continuing, if the Company has failed to comply with the financial covenants set forth in Section 7.1 for any period of time, the Company shall have delivered a Compliance Certificate substantially in the form of Exhibit D.

Each borrowing by the Company hereunder shall constitute a representation and warranty by the Company as of the date of such borrowing or issuance that the conditions in clauses (a) and (b) of this Section have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

The Company hereby agrees that, so long as the Commitments remain in effect, any Loan remains outstanding and unpaid or any other amounts (other than indemnities and other contingent liabilities that survive the repayment of the Loans) is owing to the Banks or the Administrative Agent hereunder, the Company shall and (except in the case of delivery of financial information, reports and notices) shall cause each Significant Subsidiary to:

6.1 Financial Statements. Furnish to the Administrative Agent for delivery to each Bank:

(a) as soon as available, but in any event within 90 days after each December 31st or other date on which the annual audit of the Company is conducted, a copy of the balance sheet of the Company and its consolidated Subsidiaries as at such date and the related statement of income for the fiscal year then ended, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, by independent certified public accountants of nationally or regionally recognized standing; provided that any such financial statements that are made available on the SEC’s EDGAR system or the Company’s website shall be deemed delivered to the Administrative Agent on the date such documents are made so available; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first, second and third quarterly periods of each fiscal year of the Company (which, for the avoidance of doubt, shall include the second quarterly period of fiscal year 2020), the unaudited balance sheet of the Company and its consolidated Subsidiaries as at the end of each such quarter and the related unaudited statement of income of the Company and its consolidated Subsidiaries for the fiscal year to date, certified by a Responsible Officer of the Company with responsibility for financial reporting matters (subject to normal year-end audit adjustments); provided that any such financial statements that are made available on the SEC’s EDGAR system or the Company’s website shall be deemed delivered to the Administrative Agent on the date such documents are made so available, and no such certification shall be required;

all such financial statements to be complete and correct in all material respects and to be prepared in reasonable detail in accordance with GAAP applied consistently throughout the period reflected therein (except as disclosed therein), and in the case of clause (b) above, subject to normal year-end audit adjustments and the absence of footnotes. Notwithstanding anything to the contrary in this Section 6.1, if financial statements for the Company shall no longer be publicly available on the SEC’s EDGAR system or the Company’s website, this Section 6.1 shall be deemed to be satisfied upon the delivery of financial statements of Holdings.

6.2 Certificates; Other Information. Furnish to the Administrative Agent for delivery to each Bank:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.1(a) and (b), a certificate of an authorized financial officer of the Company (i) stating that, to the best of such authorized financial officer's knowledge, there has not been any Default or Event of Default, and if such Default or Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (ii) setting forth quarterly computations with respect to compliance with Section 7.1 of this Agreement; provided that such certificate will not be required to be provided in connection with the second quarterly period of fiscal year 2020;

(b) [Reserved];

(c) [Reserved]; and

(d) promptly, such additional financial and other information (including such documents and information required by bank regulatory authorities under applicable "know-your-customer", anti-terrorism and anti-money laundering rules and regulations, including the USA PATRIOT Act), as the Banks may from time to time reasonably request and which the Company is not expressly prohibited by law or written contract from disclosing.

6.3 Conduct of Business and Maintenance of Existence; Compliance. (a) Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its existence (which, in the case of the Company shall be as a duly formed and existing limited liability company or, if the provisions set forth in the immediately succeeding sentence have been satisfied, a duly organized and existing corporation or partnership), except as otherwise expressly permitted under Section 7.4, (b) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business except where failure to take such action would not reasonably be expected, in the aggregate, to have a Material Adverse Effect and (c) comply with all Contractual Obligations and Requirements of Law, except to the extent that failure to comply therewith would not reasonably be expected, in the aggregate, to have a Material Adverse Effect. The Company may change the form of its business organization from limited liability company to corporate form or to a limited partnership form provided that (i) immediately upon giving effect to any such change, all representations and warranties made by the Company under Section 4 hereof are true and correct as if made at such time by the Company in such successor form and (ii) upon or prior to the date of such change, the Company shall have delivered to the Administrative Agent a certificate of the Company to such effect and opinion satisfactory to the Administrative Agent with respect to the assumption of all agreements, obligations and liabilities hereunder by the Company in such successor form.

6.4 Maintenance of Property; Insurance. Keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and except where failure to do so would not reasonably be expected, in the aggregate, to have a Material Adverse Effect; maintain insurance on all its property in at least such amounts and

against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business and of a similar size; and furnish to the Administrative Agent, upon written request, evidence of such insurance.

6.5 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in all material respects shall be made of all dealings and transactions in relation to its business and activities; and (b) if an Event of Default has occurred and is continuing, or if the Administrative Agent reasonably believes that an Event of Default will occur within a period of six months following the date of the applicable determination, with the prior consent of the Company, which shall not be unreasonably withheld (and not be required when any Event of Default has occurred and is continuing but with reasonable prior notice), permit representatives of any Bank to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, properties and financial and other condition of the Company and its Subsidiaries with officers and employees of the Company and its Significant Subsidiaries and with its independent certified public accountants.

6.6 Notices. Promptly give notice to the Administrative Agent and each Bank:

(a) of the occurrence of any Default or Event of Default upon any executive officer of the Company or any Significant Subsidiary obtaining knowledge thereof, such notice to be in the form required by Section 11.5;

(b) of any litigation or proceeding which may exist at any time between the Company or any Subsidiary and any other person, which is reasonably likely to be adversely determined and if adversely determined would have a Material Adverse Effect;

(c) of the following events, as soon as possible and in any event within 30 days after the Company knows or has reason to know thereof: (i) the occurrence of any Reportable Event or non-exempt Prohibited Transaction resulting in liability in excess of \$25,000,000 with respect to any Plan, a failure to make any required contribution to a Single Employer Plan or Multiemployer Plan, any determination that any Single Employer Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430(i)(4) of the Code or Section 303(i)(4) of ERISA), the creation of any Lien in favor of the PBGC or a Plan, any withdrawal from, or the termination or Insolvency of, any Multiemployer Plan or determination that any Multiemployer Plan is, or is expected to be, in "endangered" or "critical" status (within the meaning of Section 432(b) of the Code or Section 305(b) of ERISA), or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Company or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination or Insolvency of, any Single Employer Plan or Multiemployer Plan or determination that any Single Employer Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430(i)(4) of the Code or Section 303(i)(4) of ERISA) or that any Multiemployer Plan is, or is expected to be, in "endangered" or "critical" status (within the meaning of Section 432(b) of the Code or Section 305(b) of ERISA); and

(d) of any other development that has had or would reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Company setting forth details of the occurrence referred to therein and stating what action, if any, the Company proposes to take with respect thereto.

SECTION 7. NEGATIVE COVENANTS

The Company hereby agrees that, so long as the Commitments remain in effect, any Loan remains outstanding and unpaid or any other amounts (other than indemnities and other contingent liabilities that survive the repayment of the Loans) is owing to the Banks or the Administrative Agent hereunder, the Company shall not, and shall not permit any of its Significant Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the last day of any fiscal quarter, commencing with the fiscal quarter ended September 30, 2020, to be greater than 3.25 to 1.00; provided that the Consolidated Leverage Ratio may be greater than 3.25:1.00 for two (consecutive or non-consecutive) quarters so long as it is not greater than 3.50:1.00 as of the last day of any such quarter.

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio for the period of four consecutive fiscal quarters ending on the last day of any fiscal quarter, commencing with the fiscal quarter ended September 30, 2020, to be less than 3.00 to 1.00.

7.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness arising under this Agreement or the Notes;

(b) Indebtedness of any Wholly Owned Subsidiary of the Company to the Company or any other Wholly Owned Subsidiary of the Company;

(c) Indebtedness outstanding on the Restatement Effective Date and listed on Schedule 7.2 and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(d) Indebtedness of the Company;

(e) secured Broker-Dealer Indebtedness (including that of LFNy) and Indebtedness of Lazard Frères Banque; provided that after giving effect to the incurrence of any unsecured Indebtedness by Lazard Frères Banque or LFNy, as the case may be, permitted under this Section 7.2(e), the aggregate of its unencumbered assets shall exceed the aggregate of its unsecured Indebtedness;

(f) Indebtedness of a Subsidiary acquired after the Restatement Effective Date or a corporation or other entity merged into or consolidated with the Company or any Subsidiary after the Restatement Effective Date and Indebtedness assumed in connection with the acquisition of assets, which Indebtedness in each case, exists at the time of such acquisition, merger or consolidation and is not created in contemplation of such event and where such acquisition, merger or consolidation is permitted by this Agreement and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness (whether such Permitted Refinancing Indebtedness is incurred substantially concurrently with the consummation of such acquisition, merger or consolidation or thereafter); provided that, immediately after giving effect to the acquisition or assumption of such Indebtedness (other than Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness), the Company shall be in pro forma compliance with the financial covenant set forth in Section 7.1(a);

(g) [Reserved];

(h) additional Capital Lease Obligations in an aggregate principal amount not to exceed \$40,000,000 at any one time outstanding;

(i) purchase money Indebtedness incurred by any Subsidiary of the Company prior to or within 270 days of the acquisition, lease or improvement of the respective asset permitted under this Agreement in order to finance such acquisition or improvement, and any Permitted Refinancing Indebtedness in respect thereof, in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof in an aggregate principal amount not to exceed \$50,000,000 at any one time outstanding;

(j) [Reserved];

(k) Indebtedness in connection with Permitted Receivables Financings in an aggregate principal amount not to exceed \$50,000,000 at any one time outstanding;

(l) Indebtedness in respect of letters of credit issued for the account of the Subsidiaries (other than letters of credit issued as guaranties for Indebtedness of the Company and its Subsidiaries);

(m) Subordinated Indebtedness of any of the Subsidiaries;

(n) additional Indebtedness of any of the Subsidiaries in an aggregate principal amount (for all Subsidiaries) not to exceed \$250,000,000 at any one time outstanding, which, for the avoidance of doubt, may include Indebtedness of any Subsidiary incurred in order to finance the improvement of, or secured by a mortgage or other Lien on, any or all of the Paris Properties, and any Permitted Refinancing Indebtedness in respect thereof; provided that, immediately after giving effect to the incurrence of such additional Indebtedness, the Company shall be in pro forma compliance with the financial covenant set forth in Section 7.1(a);

(o) Guarantee Obligations of the Subsidiaries in respect of Indebtedness of the Company or its Subsidiaries so long as the incurrence of such Indebtedness is permitted under this Agreement; and

(p) Specified Non-Recourse Indebtedness.

7.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except:

(a) Liens created, incurred or assumed by any Subsidiary of the Company which is a registered broker-dealer upon assets owned by such Subsidiary or held for such Subsidiary's account to secure Trade Debt;

(b) Liens for taxes, assessments, governmental charges or levies not yet due or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's, or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings;

(d) (i) pledges or deposits in connection with workmen's compensation, unemployment insurance and other social security legislation, (ii) licenses, sublicenses, leases or subleases granted in the ordinary course of business not interfering in any material respect with the business of the Company or any of its Subsidiaries, (iii) Liens arising from UCC financing statements regarding operating leases and (iv) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents;

(e) Liens incurred or pledges or deposits made to secure the performance of bids, tenders, sales contracts, trade contracts (other than for borrowed money), leases, statutory and other obligations required by law, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate; are not substantial, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company and its Subsidiaries taken as a whole;

(g) Liens on real property, leasehold improvements and equipment of the Company securing Specified Non-Recourse Indebtedness and/or Specified Recourse Indebtedness;

(h) any judgment Liens in respect of judgments that do not constitute an Event of Default under clause (h) of Section 9;

(i) purchase money Liens on property acquired or held by the Company or any Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such property or other Lien existing on any such property or assets at the time of acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price); provided, however, that no such Lien shall extend to or cover any property other than property being acquired, constructed on or improved;

(j) any assignment of an account or chattel paper (i) as part of the sale of the business out of which such account or chattel paper arose, (ii) for the purpose of collection only, (iii) under a contract to an assignee who is also to do the performance under such contract or (iv) in whole or partial satisfaction of pre-existing Indebtedness;

(k) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any of the Liens permitted by clause (i) above upon the same real property or assets theretofore subject thereto without increase in the amount of Indebtedness secured thereby;

(l) any Lien on any property or asset (or proceeds therefrom) that is existing prior to the acquisition thereof by the Company or any Subsidiary or on any property or asset of any Person that becomes a Subsidiary after the Restatement Effective Date that is existing prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(m) (i) any Lien securing Indebtedness permitted under Sections 7.2(b) (only to the extent required under Requirements of Law), 7.2(e) or 7.2(k) and (ii) any Lien on all or any portion of the Paris Properties or assets located thereon securing Indebtedness permitted under Section 7.2(n);

(n) any Lien securing Indebtedness permitted under Sections 7.2(h) and 7.2(i) on property acquired or held by the Company or any Subsidiary solely for the purpose of financing the acquisition, construction or improvement of such property (including any such property made the subject of a Capital Lease Obligation) or other Lien existing on any such property or assets at the time of such acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price); provided, however, that no such Lien shall extend to or cover any property other than the property being acquired, constructed on or improved or subject to such Capital Lease Obligation;

(o) Liens existing on the Restatement Effective Date set forth on Schedule 7.2; and

(p) other Liens securing Indebtedness or other obligations not prohibited under Section 7.2 in an aggregate principal amount outstanding not to exceed \$50,000,000 at any time outstanding.

7.4 Limitation on Fundamental Changes. Consummate any merger, amalgamation, statutory share exchange or consolidation or similar transaction (collectively, to “Merge” or a “Merger”, as applicable) involving the Company and its Significant Subsidiaries, or a sale or other disposition of all or substantially all of the assets of Company and its Subsidiaries taken as a whole (any of the foregoing, a “Business Combination”), except that:

(a) any Subsidiary of the Company may Merge with or into the Company or enter into a Business Combination with the Company (provided that the Company shall be the continuing or surviving person) or Merge with or into, or enter into a Business Combination with, any other Subsidiary;

(b) so long as no Default exists or would result therefrom, any Merger of a Significant Subsidiary, the purpose of which is to effect an asset sale or disposition permitted under this Agreement and not constituting a sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole; and

(c) any Business Combination shall be permitted if: (A) more than 50% of, respectively, the outstanding equity interests in, and more than 50% of the combined voting power of the then outstanding voting interests entitled to vote generally in the election of directors or similar governing body, as the case may be, of the person resulting from such Business Combination (including, without limitation, a person which as a result of such transaction owns Holdings or all or substantially all of Holdings’ assets either directly or through one or more subsidiaries) shall be owned by persons who are the beneficial owners of the Company immediately prior to such Business Combination, and (B) no Change in Control shall occur.

7.5 RESERVED.

7.6 RESERVED.

7.7 Clauses Restricting Subsidiary Distributions. Other than pursuant to the Senior Note Indentures, enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Significant Subsidiary of the Company to (a) make Restricted Payments in respect of any Capital Stock of such Significant Subsidiary held by, or pay any Indebtedness owed to, the Company or any other Subsidiary of the Company, (b) make loans or advances to, or other Investments in, the Company or any other Subsidiary of the Company or (c) transfer any of its assets to the Company or any other Subsidiary of the Company, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions imposed by law, by any self-regulatory organizations or existing under this Agreement, (ii) any restrictions with respect to a Significant Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Significant Subsidiary, (iii) restrictions and conditions with respect to a Person that is not a Significant Subsidiary on the Restatement Effective Date, which

restrictions and conditions are in existence at the time such Person becomes a Significant Subsidiary and are not incurred in connection with, or in contemplation of, such Person becoming a Significant Subsidiary, (iv) restrictions and conditions no more restrictive than those in the Senior Note Indentures, (v) restrictions and conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness, and (vi) customary provisions in leases and other contracts restricting the assignment thereof.

7.8 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock (or equivalent) of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of the Company or any of its Subsidiaries, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any of the Company or any Subsidiary (collectively, "Restricted Payments"), if, at the time thereof and immediately after giving effect thereto, a Default or Event of Default shall have occurred and be continuing. Notwithstanding the foregoing, the Company and each Subsidiary may make the following Restricted Payments:

- (a) amounts necessary for tax distributions in accordance with Article VI of the Company's operating agreement as in effect as of the Restatement Effective Date;
- (b) distributions made in accordance with the Company's operating agreement, as in effect as of the Restatement Effective Date, in respect of profit participation interests;
- (c) Restricted Payments made by any Subsidiary of the Company to the Company or any other Subsidiary of the Company or ratably with respect to its Capital Stock;
- (d) pro rata distributions to any holders of Capital Stock in a joint venture;
- (e) Restricted Payments necessary for any parent of the Company to pay operating expenses attributable to the Company and other similar corporate overhead costs and expenses incurred in the ordinary course of business which are attributable to the Company;
- (f) Restricted Payments made by the Company or by any Significant Subsidiary of the Company, in connection with the purchase of Holdings Capital Stock in an amount equal to 100% of Holdings Capital Stock that the Company or Holdings expects to ultimately issue pursuant to any equity compensation plan authorized and approved by the Board of Directors of Holdings or the Company in respect of year-end incentive compensation attributable to the prior year;
- (g) dividend payments to employees holding Capital Stock received upon the exercise of compensation options under a benefit plan; and

(h) Restricted Payments made in connection with the Lazard Asset Management Equity Plan.

7.9 Disposition of Designated Subsidiaries. Enter into any Designated Asset Sale, if, after giving effect to such Designated Asset Sale, the Company shall own, directly or indirectly, Capital Stock of any Designated Subsidiary representing less than a majority of (a) the Capital Stock of such Designated Subsidiary, (b) the Capital Stock of such Designated Subsidiary entitled to vote generally in the election of directors or (c) the right to receive dividends or other distributions from such Designated Subsidiary.

SECTION 8. RESERVED

SECTION 9. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Company shall fail to pay any principal of any Loan when any such amount becomes due in accordance with the terms hereof; or to pay any interest on any Loan, or any other amount payable hereunder, within five days after such interest or other amount becomes due in accordance with the terms hereof; or

(b) Any representation or warranty made by the Company herein or pursuant hereto or which is contained in any certificate or other document furnished at any time under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made; or

(c) The Company shall default in the observance or performance of any agreement contained in Section 6.3(a) (with respect to the existence of the Company only), Section 6.6(a) or in Section 7 (other than, so long as there are no Loans outstanding under this Agreement, Section 7.1); or

(d) The Company shall default in the observance of the financial covenants set forth in Section 7.1 on the last day of any fiscal quarter on which there are no Loans outstanding under this Agreement and such default shall continue unremedied at the end of the next succeeding fiscal quarter; or

(e) The Company shall default in the observance or performance of any other agreement contained in this Agreement (other than as provided in paragraphs (a) through (d) of this Section), and such default shall continue unremedied for a period of 30 days following notice thereof by the Administrative Agent to the Company; or

(f) The Company or any of its Significant Subsidiaries shall (i) default in any payment of principal of or interest on any Indebtedness (other than the Loans) in excess of \$50,000,000 beyond the period of grace, if any, provided in the instrument or agreement (or any extension of such period granted to the Company) under which such Indebtedness was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or

condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Indebtedness in excess of \$50,000,000 to become due prior to its stated maturity; or

(g) (i) Any Person shall engage in any non-exempt Prohibited Transaction involving any Plan; (ii) any failure to satisfy the minimum funding standards (within the meaning of Sections 412 or 430 of the Code or Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Company or any of its Significant Subsidiaries or any Commonly Controlled Entity; (iii) a filing shall be made pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Single Employer Plan, or there shall be a failure by the Company or any Commonly Controlled Entity to make by its due date a required contribution to any Single Employer Plan or Multiemployer Plan; (iv) a determination shall be made that any Single Employer Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430(i)(4) of the Code or Section 303(i)(4) of ERISA); (v) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the Banks’ reasonable opinion, reasonably likely to result in the termination of such Plan for purposes of Title IV of ERISA; (vi) any Single Employer Plan shall terminate for purposes of Title IV of ERISA; (vii) the Company, any of its Significant Subsidiaries or any Commonly Controlled Entity shall, or shall be reasonably likely to, incur any liability in connection with a withdrawal from, or the Insolvency of, a Multiemployer Plan or there shall be a determination that any Multiemployer Plan is, or is expected to be, in “endangered” or “critical” status (within the meaning of Section 432(b) of the Code or Section 305(b) of ERISA); (viii) with respect to any Foreign Plan, there shall occur (A) a failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan, (B) a failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Plan required to be registered; or (C) a failure of any Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan; or (ix) any other similar event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (ix) above, such event or condition, together with all other such events or conditions, if any, could subject the Company or any Significant Subsidiary to any tax, penalty or other liabilities that, in the aggregate, would have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Company or any of its Significant Subsidiaries involving in the aggregate a liability (not paid or to the extent not covered by insurance) of \$50,000,000 or more and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(i) (i) the Company or any of its Significant Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Company or any of its Significant Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Company or any of its Significant Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of 60 days; or (iii) there shall be commenced against the Company or any of its Significant Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Company or any of its Significant Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Company or any of its Significant Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(j) a Change in Control shall occur.

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (i) above with respect to the Company, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Company declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Company, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Company.

SECTION 10. RESERVED

SECTION 11. THE ADMINISTRATIVE AGENT

11.1 Appointment. Each Bank hereby irrevocably designates and appoints Citibank, N.A., as the Administrative Agent of such Bank under this Agreement, and irrevocably authorizes Citibank, N.A., as the Administrative Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with the Banks, and no implied covenants, function, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

11.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

11.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence, bad faith or willful misconduct), or (ii) responsible in any manner to the Banks for any recitals, statements, representations or warranties made by the Company or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the Notes or for any failure of the Company to perform its obligations hereunder. The Administrative Agent shall not be under any obligation to the Banks to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Company. The Administrative Agent will not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Credit Document or applicable law, including for the avoidance of doubt, any action that may be in violation of the automatic stay under any bankruptcy or insolvency proceeding or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any bankruptcy or insolvency proceeding.

11.4 Reliance by Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of

legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Notes in accordance with a request of the Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks and all future holders of the Notes.

11.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default” or “notice of event of default”, as the case may be. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Banks jointly; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

11.6 Non-Reliance on Administrative Agent. Each Bank expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by the Administrative Agent to such Bank. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Company and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Administrative Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

11.7 Indemnification. Each Bank agrees to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Company and without limiting the obligation of the Company to do so), ratably according to the amount of its original Commitment and the amount of the original Commitment of the Administrative Agent, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that the Banks shall not be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Notes and all other amounts payable hereunder.

11.8 Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company as though the Administrative Agent were not the Administrative Agent hereunder. With respect to its Loans made or renewed by it and any Note issued to it, the Administrative Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Administrative Agent, and the terms "Bank" and "Banks" shall include the Administrative Agent in its individual capacity.

11.9 Successor Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Company and the Banks. If the Administrative Agent shall resign as Administrative Agent under this Agreement, then the Banks shall appoint a successor agent, which successor agent shall be subject to approval by the Company and the Administrative Agent, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation hereunder as Administrative Agent, the provisions of this Section 11.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 12. MISCELLANEOUS

12.1 Amendments and Waivers. Neither this Agreement, any Note, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section. The Required Lenders and the Company or, with the written consent of the Required Lenders, the Administrative Agent and the Company may, from time to time, (a) enter into written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of the Banks or of the Company hereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the

requirements of this Agreement or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Bank's Commitment, eliminate or reduce the voting rights of any Bank under this Section 12.1, amend, modify or waive any provision of Section 2.10 (except for the reduction of Commitments pursuant to Section 2.19 or the reduction, in connection with an amendment approved by the Required Lenders, of the Commitment of any Bank that does not consent to such amendment if such reduction of the non-consenting Banks was approved by such amendment) or 12.7 (only if such amendment or modification makes the assignment and participation provisions more restrictive to the Bank), in each case without the written consent of each Bank directly affected thereby; (ii) reduce any percentage specified in the definition of Required Lenders without the written consent of all Banks; or (iii) amend, modify or waive any provision of Section 11 without the written consent of the Administrative Agent. Any such waiver and any such amendment, supplement or modification shall be binding upon the Company, the Banks, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Company, the Banks and the Administrative Agent shall be restored to their former position and rights hereunder, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

12.2 Notices. (a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or when deposited in the mail, postage prepaid, or, in the case of facsimile notice, when sent, confirmation received, addressed as follows in the case of the Company, the Banks or the Administrative Agent, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Company:

Lazard Group LLC
30 Rockefeller Plaza
New York, New York 10112
Attention: Chief Financial Officer
Facsimile: (212) 632-6670
E-mail Address: evan.russo@lazard.com

With a copy to:

Lazard Group LLC
30 Rockefeller Plaza
New York, New York 10112
Attention: Group Treasurer
Facsimile: (212) 632-6670
E-mail Address: patrick.cullen@lazard.com

and:
Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
Attention: Stephen Kessing
Facsimile: (212) 474-3700
E-mail Address: skessing@cravath.com

The Administrative Agent:

Citibank, N.A.
1 Penns Way
OPS 2/2, Global Loans
New Castle, DE 19720
Attention: Agency Operations
Facsimile: (646) 274-5080
Telephone: (302) 894-6010
E-mail Address: AgencyABTFSupport@citi.com
E-mail Address Disclosure Team (Financial
Reporting): GAgentOfficeOps@Citi.com
E-mail Address Investor Relations Team (investor
inquiries only): global.loans.support@citi.com

The Banks: address, facsimile number, electronic mail address or telephone number specified in the Bank's Administrative Questionnaire, a form supplied by the Administrative Agent, or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by the Bank in a notice to the Administrative Agent provided that any notice, request or demand to or upon the Administrative Agent or any Bank pursuant to Sections 2.6, 2.7, 2.8 and 2.9 shall not be effective until received.

(b) The Company hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Credit Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing, borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due under the Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under the Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of the Agreement and/or any borrowing or other extension of credit thereunder (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to oploanswebadmin@citigroup.com. In addition, the Company agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Credit Documents but only to the extent requested by the Administrative Agent.

(c) The Company further agrees that the Administrative Agent may make the Communications available to the Banks by posting the Communications on Debt Domain or a substantially similar electronic transmission systems (the “Platform”).

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth in paragraph (b) of this Section shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Credit Documents. Each Bank agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Bank for purposes of the Credit Documents. Each Bank agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Bank’s e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address.

(e) Nothing herein shall prejudice the right of the Administrative Agent or any Bank to give any notice or other communication pursuant to any Credit Document in any other manner specified in such Credit Document.

12.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder or under the Notes, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided or provided in the Notes are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

12.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes.

12.5 Payment of Expenses. The Company agrees (a) to pay or reimburse the Administrative Agent and the Lead Arranger for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the syndication, preparation and execution, and any amendments or modifications or waivers of the provisions of this Agreement and any other documents prepared in connection therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of one counsel (and, if necessary, one local counsel per jurisdiction) to the Lead Arranger and the Administrative Agent and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Company prior to the Restatement Effective Date (in the case of amounts to be paid on the Restatement Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Bank and the Administrative Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement and any such other documents, including the reasonable fees and disbursements of one counsel (and, if necessary, one local counsel per jurisdiction) to each Bank and of one

counsel (and, if necessary, one local counsel per jurisdiction) to the Administrative Agent, (c) to pay, indemnify, and hold each Bank, the Lead Arranger and the Administrative Agent harmless from, any and all recording and filing fees, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement and any such other documents, and (d) to pay, indemnify, and hold each Bank, the Lead Arranger and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an “Indemnitee”) harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the syndication (but solely with respect to the Lead Arranger and its officers, directors, employees, affiliates, agents and controlling persons), execution, delivery, enforcement, performance and administration of this Agreement and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against the Company under this Agreement (all the foregoing in this clause (d), collectively, the “Indemnified Liabilities”), provided, that the Company shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a court of competent jurisdiction to have resulted from the willful misconduct, bad faith or gross negligence of such Indemnitee. All amounts due under this Section 12.5 shall be payable promptly after written demand therefor. Statements payable by the Company pursuant to this Section 12.5 shall be submitted to the address of the Company set forth in Section 12.2, or to such other Person or address as may be hereafter designated by the Company in a written notice to the Administrative Agent. The agreements in this Section 12.5 shall survive repayment of the Loans and all other amounts payable hereunder. The Banks shall endeavor in good faith to limit the number of counsel retained by them to avoid duplication of expenses.

12.6 Confidentiality. The Banks shall not disclose any information that the Company or any of its Subsidiaries furnishes to the Banks, other than (a) as required by any law, rule or regulation or judicial process (in which case, except with respect to any routine or ordinary course audit or examination conducted by bank accountants or any governmental or bank regulatory authority exercising examination or regulatory authority that is not specific to the Company or any of its Subsidiaries, such Bank shall inform the Company promptly thereof to the extent permitted by law, rule or regulation or judicial process), (b) as requested by any state, federal or foreign authority or examiner regulating banks or banking (in which case, except with respect to any routine or ordinary course audit or examination conducted by bank accountants or any governmental or bank regulatory authority exercising examination or regulatory authority that is not specific to the Company or any of its Subsidiaries, such Bank shall inform the Company promptly thereof to the extent permitted by law or regulation), (c) to actual or proposed (with the consent of the Company) assignees, transferees and participants; provided that any such disclosure and any such proposed assignee, transferee or participant agrees to treat confidentially all such information and to use such information solely for the purpose of evaluating whether to become an assignee, transferee or participant, as the case may be, (d) to its Affiliates and its or their directors, officers, employees, agents, advisors and attorneys on a confidential and “need to know” basis (e) the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and

service providers to the Administrative Agent and the Banks in connection with the administration of this Agreement and the other Credit Documents and (f) to the extent such information becomes (A) publicly available other than as a result of a breach of this Section 12.6 or (B) available to the Administrative Agent, any Bank or any of their respective Affiliates on a nonconfidential basis from a source other than the Company.

12.7 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Company may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Bank (and any attempted assignment or transfer by the Company without such consent shall be null and void) and (ii) no Bank may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Administrative Agent's and each Bank's Affiliates and their respective directors, officers, employees, agents and advisors) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Bank may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Company (such consent not to be unreasonably withheld or delayed), provided that no consent of the Company shall be required (x) for an assignment to an affiliate of a Bank from such Bank or (y) if an Event of Default under Sections 9(a) or (i) has occurred; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Loan to a Bank, an affiliate of a Bank or an Approved Fund (as defined below).

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Bank, an affiliate of a Bank or an Approved Fund or an assignment of the entire remaining amount of the assigning Bank Commitments or Loans hereunder, the amount of the Commitments or Loans of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Company and the Administrative Agent otherwise consent, provided that such amounts shall be aggregated in respect of each Bank and its affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 (which fee may be waived by the Administrative Agent in its discretion); provided that only a single processing and recordation fee shall be payable in respect of multiple contemporaneous assignments to Approved Funds with respect to any Bank; and

(C) the Assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an administrative questionnaire.

For the purposes of this Section 12.7, “Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Bank, (b) an affiliate of a Bank or (c) an entity or an affiliate of an entity that administers or manages a Bank.

No assignment will be made to any Defaulting Lender or any of its subsidiaries except for as set forth in Section 2.19(c).

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under this Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Bank’s rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.16, 2.17 and 12.5). Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this Section 12.7 shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Company, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Company, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Bank and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Bank hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph. The Administrative Agent shall promptly notify the Company of the effectiveness of any assignment under this Section.

(c)(i) Any Bank may, without the consent of the Company or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Bank's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Bank's obligations under this Agreement shall remain unchanged, (B) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Company, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Bank directly affected thereby pursuant to the proviso to the second sentence of Section 12.1 and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.16 and 2.17 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.8(b) as though it were a Bank, provided such Participant shall be subject to Section 12.8(a) as though it were a Bank. Each Bank that sells a participation, acting solely for this purpose as an agent of the Company, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"). The entries in the Participant Register shall be conclusive, and such Bank and the Administrative Agent shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.16 or 2.17 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. No Participant shall be entitled to the benefits of Section 2.17 unless such Participant complies with Section 2.17(d) as if it were a Bank.

(d) Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Bank from any of its obligations hereunder or substitute any such pledgee or Assignee for such Bank as a party hereto.

(e) The Company, upon receipt of written notice from the relevant Bank, agrees to issue Notes to any Bank requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) By executing and delivering an Assignment and Assumption, the assigning Bank thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Bank warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitment and the outstanding balances of its Loans, in each case without giving effect to assignments thereof that have not become effective, are as set forth in such Assignment and Assumption; (ii) except as set forth in clause (i) above, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other instrument or document furnished pursuant hereto or thereto, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any of the foregoing, or the financial condition of the Company or the performance or observance by the Company of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto or thereto; (iii) each of the assignee and the assignor represents and warrants that it is legally authorized to enter into such Assignment and Assumption; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of any amendments or consents entered into prior to the date of such Assignment and Assumption and copies of the most recent financial statements delivered pursuant to Section 6.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agents on its behalf and to exercise such powers under this Agreement as are delegated to them by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations that by the terms of this Agreement are required to be performed by it as a Bank.

12.8 Adjustments; Right of Setoff. (a) If any Bank (a “Benefited Bank”) shall at any time receive any payment of all or part of its Loans or interest thereon (whether voluntarily or involuntarily, pursuant to events or proceedings of the nature referred to in Section 9(i), or otherwise) in a greater proportion than any such payment to any other Bank (other than a Bank that is a Defaulting Lender at such time), if any, in respect of such other Bank’s Loans, or interest thereon, such Benefited Bank shall purchase for cash from the other Bank such portion of such other Bank’s Loans as shall be necessary to cause such Benefited Bank to share the

excess payment ratably with the other Bank; provided, however, that if all or any portion of such excess payment is thereafter recovered from such Benefited Bank, such purchase shall be rescinded, and the purchase price returned, to the extent of such recovery, but without interest. The Company agrees that any Bank so purchasing a portion of the other Bank's Loans may exercise all rights of payment with respect to such portion as fully as if such Bank were the direct holder of such portion.(b) If an Event of Default shall have occurred and be continuing, in addition to any rights and remedies of the Banks provided by law, each Bank shall have the right, without notice to the Company, any such notice being expressly waived by the Company to the extent permitted by applicable law, upon any Obligations becoming due and payable by the Company (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Obligations, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the Company; provided, however, that no Defaulting Lender shall have any rights under this Section. Each Bank agrees promptly to notify the Company and the Administrative Agent after any such application made by such Company; provided that the failure to give such notice shall not affect the validity of such application.

12.9 WAIVERS OF JURY TRIAL

THE COMPANY AND THE ADMINISTRATIVE AGENT AND THE BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

12.10 Submission to Jurisdiction; Waivers. The Company hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Company, as the case may be at its address set forth in Section 12.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

12.11 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Company and the Administrative Agent. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other state laws based on the Uniform Electronic Transactions Act, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

12.12 **Governing Law**. **This Agreement and the Notes and the rights and obligations of the parties under this Agreement and the Notes shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.**

12.13 USA Patriot Act. Each Bank hereby notifies the Company that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank to identify the Company in accordance with the USA PATRIOT Act.

12.14 Amendment and Restatement. This Agreement amends and restates the Existing Credit Agreement. All references made to the Existing Credit Agreement in any Credit Document or in any other instrument or document shall, without more, be deemed to refer to this Agreement. On and after the Restatement Effective Date, (i) the Existing Credit Agreement and the other “Credit Documents” under the Existing Credit Agreement shall terminate and have no further force and effect (other than those obligations and liabilities that expressly survive the termination of the Existing Credit Agreement) and (ii) the Existing Credit Agreement shall be amended and restated in the form of this Agreement and the Existing Credit Agreement and the other “Credit Documents” thereunder shall be replaced in full by this Agreement and the other Credit Documents.

12.15 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among the parties hereto with respect to the subject matter hereof, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Credit Document may be subject to the Write-Down and Conversion Powers of any applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of an applicable Resolution Authority.

In the event a Bank has been notified by an applicable Resolution Authority that it has been or may be subject to a Bail-In Action, it shall immediately notify the Administrative Agent and the Company.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York by their proper and duly authorized officers as of the day and year first above written.

LAZARD GROUP LLC

By: /s/Evan L. Russo

Name: Evan L. Russo

Title: Chief Financial Officer

CITIBANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ Maureen Maroney
Name: Maureen Maroney
Title: Vice President

State Street Bank and Trust Company,
as Bank

By: /s/ Timothy Cronin

Name: Timothy Cronin

Title: Vice President

The Bank of New York Mellon,
as Bank

By: /s/ Adim Offurum

Name: Adim Offurum

Title: Vice President

HSBC Bank USA, N.A.,
as Bank

By: /s/ Michael Flynn
Name: Michael Flynn
Title: Director

The Northern Trust Company,
as Bank

By: /s/ Patrick J. Power

Name: Patrick J. Power

Title: Senior Vice President

I, Kenneth M. Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 of Lazard Ltd (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: August 4, 2020

/s/ Kenneth M. Jacobs

Kenneth M. Jacobs

Chairman and Chief Executive Officer

I, Evan L. Russo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 of Lazard Ltd (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: August 4, 2020

/s/ Evan L. Russo

Evan L. Russo
Chief Financial Officer

August 4, 2020
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Ltd (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Kenneth M. Jacobs

Kenneth M. Jacobs
Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

August 4, 2020
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Ltd (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Evan L. Russo

Evan L. Russo
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.